

REFERENCE TITLE: redevelopment areas; name designation

State of Arizona  
Senate  
Fifty-third Legislature  
Second Regular Session  
2018

## **SB 1448**

Introduced by  
Senator Griffin

AN ACT

AMENDING SECTIONS 9-461.05, 28-7511, 35-701, 35-706, 35-708, 35-726, 36-1471, 36-1473, 36-1474, 36-1479, 36-1480, 42-6203, 42-6206, 42-6209, 48-571, 48-574 AND 48-709, ARIZONA REVISED STATUTES; RELATING TO REDEVELOPMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 9-461.05, Arizona Revised Statutes, is amended  
3 to read:

4 9-461.05. General plans; authority; scope

5 A. Each planning agency shall prepare and the governing body of  
6 each municipality shall adopt a comprehensive, long-range general plan for  
7 the development of the municipality. The planning agency shall coordinate  
8 the production of its general plan with the creation of the state land  
9 department conceptual land use plans under title 37, chapter 2, article  
10 5.1 and shall cooperate with the state land department regarding  
11 integrating the conceptual state land use plans into the municipality's  
12 general land use plan. The general plan shall include provisions that  
13 identify changes or modifications to the plan that constitute amendments  
14 and major amendments. The plan shall be adopted and readopted in the  
15 manner prescribed by section 9-461.06.

16 B. The general plan shall be so prepared that all or individual  
17 elements of it may be adopted by the governing body and that it may be  
18 made applicable to all or part of the territory of the municipality.

19 C. The general plan shall consist of a statement of community goals  
20 and development policies. It shall include maps, any necessary diagrams  
21 and text setting forth objectives, principles, standards and plan  
22 proposals. The plan shall include the following elements:

23 1. A land use element that:

24 (a) Designates the proposed general distribution and location and  
25 extent of such uses of the land for housing, business, industry,  
26 agriculture, recreation, education, public buildings and grounds, open  
27 space and other categories of public and private uses of land as may be  
28 appropriate to the municipality.

29 (b) Includes a statement of the standards of population density and  
30 building intensity recommended for the various land use categories covered  
31 by the plan.

32 (c) Identifies specific programs and policies that the municipality  
33 may use to promote infill or compact form development activity and  
34 locations where those development patterns should be encouraged.

35 (d) Includes consideration of air quality and access to incident  
36 solar energy for all general categories of land use.

37 (e) Includes policies that address maintaining a broad variety of  
38 land uses, including the range of uses existing in the municipality when  
39 the plan is adopted, readopted or amended.

40 (f) For cities and towns with territory in the vicinity of a  
41 military airport or ancillary military facility as defined in section  
42 28-8461, includes consideration of military airport or ancillary military  
43 facility operations. On or before December 31, 2005, if a city or town  
44 includes land in a high noise or accident potential zone as defined in  
45 section 28-8461, the city or town shall identify the boundaries of the

1 high noise or accident potential zone in its general plan for purposes of  
2 planning land uses in the high noise or accident potential zone that are  
3 compatible with the operation of the military airport or ancillary  
4 military facility pursuant to section 28-8481, subsection J.

5 (g) Includes sources of currently identified aggregates from maps  
6 that are available from state agencies, policies to preserve currently  
7 identified aggregates sufficient for future development and policies to  
8 avoid incompatible land uses, except that this subdivision shall not be  
9 construed to affect any permitted underground storage facility or limit  
10 any person's right to obtain a permit for an underground storage facility  
11 pursuant to title 45, chapter 3.1.

12 2. A circulation element consisting of the general location and  
13 extent of existing and proposed freeways, arterial and collector streets,  
14 bicycle routes and any other modes of transportation as may be  
15 appropriate, all correlated with the land use element of the plan.

16 D. For cities and towns having a population of more than two  
17 thousand five hundred persons but less than ten thousand persons and whose  
18 population growth rate exceeded an average of two ~~per cent~~ PERCENT per  
19 year for the ~~ten year~~ TEN-YEAR period before the most recent United States  
20 decennial census and for cities and towns having a population of ten  
21 thousand or more persons according to the most recent United States  
22 decennial census, the general plan shall include, and for other cities and  
23 towns the general plan may include:

24 1. An open space element that includes:

25 (a) A comprehensive inventory of open space areas, recreational  
26 resources and designations of access points to open space areas and  
27 resources.

28 (b) An analysis of forecasted needs, policies for managing and  
29 protecting open space areas and resources and implementation strategies to  
30 acquire additional open space areas and further establish recreational  
31 resources.

32 (c) Policies and implementation strategies designed to promote a  
33 regional system of integrated open space and recreational resources and a  
34 consideration of any existing regional open space plans.

35 2. A growth area element, specifically identifying those areas, if  
36 any, that are particularly suitable for planned multimodal transportation  
37 and infrastructure expansion and improvements designed to support a  
38 planned concentration of a variety of uses, such as residential, office,  
39 commercial, tourism and industrial uses. This element shall include  
40 policies and implementation strategies that are designed to:

41 (a) Make automobile, transit and other multimodal circulation more  
42 efficient, make infrastructure expansion more economical and provide for a  
43 rational pattern of land development.

1 (b) Conserve significant natural resources and open space areas in  
2 the growth area and coordinate their location to similar areas outside the  
3 growth area's boundaries.

4 (c) Promote the public and private construction of timely and  
5 financially sound infrastructure expansion through the use of  
6 infrastructure funding and financing planning that is coordinated with  
7 development activity.

8 3. An environmental planning element that contains analyses,  
9 policies and strategies to address anticipated effects, if any, of plan  
10 elements on air quality, water quality and natural resources associated  
11 with proposed development under the general plan. The policies and  
12 strategies to be developed under this element shall be designed to have  
13 community-wide applicability and shall not require the production of an  
14 additional environmental impact statement or similar analysis beyond the  
15 requirements of state and federal law.

16 4. A cost of development element that identifies policies and  
17 strategies that the municipality will use to require development to pay  
18 its fair share toward the cost of additional public service needs  
19 generated by new development, with appropriate exceptions when in the  
20 public interest. This element shall include:

21 (a) A component that identifies various mechanisms that are allowed  
22 by law and that can be used to fund and finance additional public services  
23 necessary to serve the development, including bonding, special taxing  
24 districts, development fees, in lieu fees, facility construction,  
25 dedications and service privatization.

26 (b) A component that identifies policies to ensure that any  
27 mechanisms that are adopted by the municipality under this element result  
28 in a beneficial use to the development, bear a reasonable relationship to  
29 the burden imposed on the municipality to provide additional necessary  
30 public services to the development and otherwise are imposed according to  
31 law.

32 5. A water resources element that addresses:

33 (a) The known legally and physically available surface water,  
34 groundwater and effluent supplies.

35 (b) The demand for water that will result from future growth  
36 projected in the general plan, added to existing uses.

37 (c) An analysis of how the demand for water that will result from  
38 future growth projected in the general plan will be served by the water  
39 supplies identified in subdivision (a) of this paragraph or a plan to  
40 obtain additional necessary water supplies.

41 E. The general plan shall include for cities of fifty thousand  
42 persons or more and may include for cities of less than fifty thousand  
43 persons the following elements or any part or phase of the following  
44 elements:

- 1           1. A conservation element for the conservation, development and  
2 utilization of natural resources, including forests, soils, rivers and  
3 other waters, harbors, fisheries, wildlife, minerals and other natural  
4 resources. The conservation element may also cover:  
5           (a) The reclamation of land.  
6           (b) Flood control.  
7           (c) Prevention and control of the pollution of streams and other  
8 waters.  
9           (d) Regulation of the use of land in stream channels and other  
10 areas required for the accomplishment of the conservation plan.  
11           (e) Prevention, control and correction of the erosion of soils,  
12 beaches and shores.  
13           (f) Protection of watersheds.
- 14           2. A recreation element showing a comprehensive system of areas and  
15 public sites for recreation, including the following and, if practicable,  
16 their locations and proposed development:  
17           (a) Natural reservations.  
18           (b) Parks.  
19           (c) Parkways and scenic drives.  
20           (d) Beaches.  
21           (e) Playgrounds and playfields.  
22           (f) Open space.  
23           (g) Bicycle routes.  
24           (h) Other recreation areas.
- 25           3. The circulation element provided for in subsection C, paragraph  
26 2 of this section shall also include for cities of fifty thousand persons  
27 or more and may include for cities of less than fifty thousand persons  
28 recommendations concerning parking facilities, building setback  
29 requirements and the delineations of such systems on the land, a system of  
30 street naming and house and building numbering and other matters as may be  
31 related to the improvement of circulation of traffic. The circulation  
32 element may also include:  
33           (a) A transportation element showing a comprehensive transportation  
34 system, including locations of rights-of-way, terminals, viaducts and  
35 grade separations. This element of the plan may also include port,  
36 harbor, aviation and related facilities.  
37           (b) A transit element showing a proposed system of rail or transit  
38 lines or other mode of transportation as may be appropriate.
- 39           4. A public services and facilities element showing general plans  
40 for police, fire, emergency services, sewage, refuse disposal, drainage,  
41 local utilities, rights-of-way, easements and facilities for them.
- 42           5. A public buildings element showing locations of civic and  
43 community centers, public schools, libraries, police and fire stations and  
44 other public buildings.

1           6. A housing element consisting of standards and programs for the  
2 elimination of substandard dwelling conditions, for the improvement of  
3 housing quality, variety and affordability and for provision of adequate  
4 sites for housing. This element shall contain an identification and  
5 analysis of existing and forecasted housing needs. This element shall be  
6 designed to make equal provision for the housing needs of all segments of  
7 the community regardless of race, color, creed or economic level.

8           7. A conservation, rehabilitation and redevelopment element  
9 consisting of plans and programs for:

10           (a) The elimination of ~~slums~~ **SLUM, TRANSFORMATION, REINVESTMENT** and  
11 blighted areas.

12           (b) Community redevelopment, including housing sites, business and  
13 industrial sites and public building sites.

14           (c) Other purposes authorized by law.

15           8. A safety element for the protection of the community from  
16 natural and artificial hazards, including features necessary for such  
17 protection as evacuation routes, peak load water supply requirements,  
18 minimum road widths according to function, clearances around structures  
19 and geologic hazard mapping in areas of known geologic hazards.

20           9. A bicycling element consisting of proposed bicycle facilities  
21 such as bicycle routes, bicycle parking areas and designated bicycle  
22 street crossing areas.

23           10. An energy element that includes:

24           (a) A component that identifies policies that encourage and provide  
25 incentives for efficient use of energy.

26           (b) An assessment that identifies policies and practices that  
27 provide for greater uses of renewable energy sources.

28           11. A neighborhood preservation and revitalization element,  
29 including:

30           (a) A component that identifies city programs that promote home  
31 ownership, that provide assistance for improving the appearance of  
32 neighborhoods and that promote maintenance of both commercial and  
33 residential buildings in neighborhoods.

34           (b) A component that identifies city programs that provide for the  
35 safety and security of neighborhoods.

36           F. The water resources element of the general plan does not  
37 require:

38           1. New independent hydrogeologic studies.

39           2. The city or town to be a water service provider.

40           G. The land use element of a general plan of a city with a  
41 population of more than one million persons shall include protections from  
42 encroaching development for any shooting range that is owned by this state  
43 and that is located within or adjacent to the exterior municipal  
44 boundaries on or before January 1, 2004. The general plan shall establish  
45 land use categories within at least one-half mile from the exterior

1 boundaries of the shooting range that are consistent with the continued  
2 existence of the shooting range and that exclude incompatible uses such as  
3 residences, schools, hotels, motels, hospitals or churches except that  
4 land zoned to permit these incompatible uses on August 25, 2004 are exempt  
5 from this exclusion. For the purposes of this subsection, "shooting  
6 range" means a permanently located and improved area that is designed and  
7 operated for the use of rifles, shotguns, pistols, silhouettes, skeet,  
8 trap, black powder or any other similar sport shooting in an outdoor  
9 environment. Shooting range does not include:

- 10 1. Any area for the exclusive use of archery or air guns.
- 11 2. An enclosed indoor facility that is designed to offer a totally  
12 controlled shooting environment and that includes impenetrable walls,  
13 floor and ceiling, adequate ventilation, lighting systems and acoustical  
14 treatment for sound attenuation suitable for the range's approved use.
- 15 3. A national guard facility located in a city or town with a  
16 population of more than one million persons.
- 17 4. A facility that was not owned by this state before January 1,  
18 2002.

19 H. The policies and strategies to be developed under these elements  
20 shall be designed to have community-wide applicability and this section  
21 does not authorize the imposition of dedications, exactions, fees or other  
22 requirements that are not otherwise authorized by law.

23 Sec. 2. Section 28-7511, Arizona Revised Statutes, is amended to  
24 read:

25 28-7511. Bonds; freeway mitigation; matching amount

26 A. A city or town may issue general obligation bonds for the  
27 purpose of planning, undertaking and carrying out projects for the  
28 elimination of present slum, TRANSFORMATION, REINVESTMENT and blighted  
29 areas and the prevention of the development of those conditions in the  
30 future by mitigating the effects of existing and proposed freeway  
31 conditions on cities, towns and neighborhoods. The projects may include  
32 acquiring land for recreation, water, sewage and drainage facilities,  
33 streets, sidewalks, ways and other public places and other projects to  
34 develop or redevelop affected areas.

35 B. The board may use bond monies obtained pursuant to section  
36 28-7510 to match on a one to one basis the city or town general obligation  
37 bond monies obtained pursuant to this section to provide funding for  
38 expenses related to mitigation measures on property located within the  
39 department's right-of-way. If a city or town obtains bond monies pursuant  
40 to this section for the purpose of mitigating the effects of proposed  
41 freeway conditions on cities, towns and neighborhoods, this state shall  
42 not construct the freeway unless the board agrees to the mitigation  
43 measures proposed by the city or town.

1           Sec. 3. Section 35-701, Arizona Revised Statutes, is amended to  
2 read:

3           35-701. Definitions

4           In this chapter, unless the context otherwise requires:

5           1. "Corporation" means any corporation organized as an authority as  
6 provided in this chapter.

7           2. "Governing body" means:

8           (a) The board or body in which the general legislative powers of  
9 the municipality or the county are vested.

10           (b) The Arizona board of regents with respect to a corporation  
11 formed with the permission of the Arizona board of regents.

12           (c) The Arizona finance authority board of directors established by  
13 title 41, chapter 53, article 2.

14           3. "Income" means gross earnings from wages, salary, commissions,  
15 bonuses or tips from all jobs, net earnings from such person's or family's  
16 own nonfarm business, professional practice or partnership, and net  
17 earnings from such person's or family's own farm. Income includes income,  
18 other than earnings, that consists of amounts received from social  
19 security or railroad retirement, interest, dividends, veterans payments,  
20 pensions and other regular payments, public assistance or welfare  
21 payments, including aid for dependent children, old age assistance and aid  
22 to the blind or persons with total disability, but excluding separate  
23 payments for hospital or other medical care.

24           4. "Manufactured house" means a structure that is manufactured in a  
25 factory after June 15, 1976, that is delivered to a homesite in more than  
26 one section and that is placed on a permanent foundation. The dimensions  
27 of the completed house shall not be less than twenty feet by forty feet,  
28 the roof must be sloping, the siding and roofing must be the same as those  
29 found in site-built houses and the house must be eligible for ~~thirty year~~  
30 THIRTY-YEAR real estate mortgage financing.

31           5. "Municipality" or "county" means the Arizona finance authority,  
32 the Arizona board of regents or any incorporated city or town, including  
33 charter cities, or any county in this state in which a corporation may be  
34 organized and in which it is contemplated the corporation will function.

35           6. "Persons of low and moderate income" means, for the purposes of  
36 financing owner-occupied single family dwelling units in areas that the  
37 municipality has found, pursuant to section 36-1479, to be slum,  
38 TRANSFORMATION, REINVESTMENT or blighted areas, as defined in section  
39 36-1471, persons and families whose income does not exceed two and  
40 one-half times the median family income of this state. In all other areas  
41 it means persons and families whose income does not exceed one and  
42 one-half times the median family income of this state.

43           7. "Project" means any land, any building or any other improvement  
44 and all real and personal properties, including machinery and equipment  
45 whether or not now in existence or under construction and whether located



1 within or without this state or the municipality or county approving the  
2 formation of the corporation, that are suitable for any of the following:

3 (a) With respect to a corporation formed with the permission of the  
4 Arizona finance authority, a municipality or a county other than the  
5 Arizona board of regents:

6 (i) Any enterprise for the manufacturing, processing or assembling  
7 of any agricultural or manufactured products.

8 (ii) Any commercial enterprise for the storing, warehousing,  
9 distributing or selling of products of agriculture, mining or industry, or  
10 of processes related thereto, including research and development.

11 (iii) A health care institution as defined in section 36-401.

12 (iv) Residential real property for dwelling units located within  
13 the municipality or county approving the formation of the corporation and,  
14 in the case of a county, whether or not also within a municipality that is  
15 within the county.

16 (v) Repairing or rehabilitating single family dwelling units or  
17 constructing or repairing residential fences and walls.

18 (vi) Convention or trade show facilities.

19 (vii) Airports, docks, wharves, mass commuting facilities, parking  
20 facilities or storage or training facilities directly related to any of  
21 the facilities as provided in this item.

22 (viii) Sewage or solid waste disposal facilities or facilities for  
23 the furnishing of electric energy, gas or water.

24 (ix) Industrial park facilities.

25 (x) Air or water pollution control facilities.

26 (xi) Any educational institution that is operated by a nonprofit  
27 educational organization that is exempt from taxation under section  
28 501(c)(3) of the United States internal revenue code and that is not  
29 otherwise funded by state monies, any educational institution or  
30 organization that is established under title 15, chapter 1, article 8 and  
31 that is owned by a nonprofit organization, any private nonsectarian school  
32 or any private nonsectarian organization established for the purpose of  
33 funding a joint technical education school district.

34 (xii) Research and development facilities.

35 (xiii) Any commercial enterprises, including facilities for  
36 manufacturing, office, recreational, hotel, motel and service uses.

37 (xiv) A child welfare agency, as defined in section 8-501, owned  
38 and operated by a nonprofit organization.

39 (xv) A transportation facility constructed or operated pursuant to  
40 title 28, chapter 22.

41 (xvi) A museum operated by a nonprofit organization.

42 (xvii) Facilities owned or operated by a nonprofit organization  
43 described in section 501(c) of the United States internal revenue code of  
44 1986.

45 (xviii) New or existing correctional facilities within this state.

1 (b) With respect to a corporation formed with the permission of the  
2 Arizona board of regents, any facility consisting of classrooms, lecture  
3 halls or conference centers or any facility for research and development  
4 or for manufacturing, processing, assembling, marketing, storing and  
5 transferring items developed through or connected with research and  
6 development or in which the results of such research and development are  
7 utilized, but only if the facility is located in an area designated as a  
8 research park by the Arizona board of regents.

9 8. "Property" means any land, improvements thereon, buildings and  
10 any improvements thereto, machinery and equipment of any and all kinds  
11 necessary to a project and any other personal properties deemed necessary  
12 in connection with a project.

13 9. "Research park" means an area of land that has been designated  
14 by the Arizona board of regents as a research park for a university and  
15 that, at the date of designation, is owned by this state or by the Arizona  
16 board of regents.

17 10. "Single family dwelling unit" includes any new, used or  
18 manufactured house that meets the insuring requirements of the federal  
19 housing administration, the United States department of veterans affairs  
20 or any other insuring entity of the United States government or any  
21 private mortgage insurance or surety company that is approved by the  
22 federal home loan mortgage corporation or the federal national mortgage  
23 association.

24 Sec. 4. Section 35-706, Arizona Revised Statutes, is amended to  
25 read:

26 35-706. Corporate powers

27 A. In addition to the powers granted to an industrial development  
28 authority by law, the authority has the following powers, together with  
29 all powers incidental or necessary for the performance of those powers:

30 1. To acquire, whether by purchase, exchange, gift, lease or  
31 otherwise establish, construct, improve, maintain, equip and furnish one  
32 or more projects.

33 2. To lease to others any or all of its projects, to charge and  
34 collect rent and to terminate any lease on the failure of the lessee to  
35 comply with any of the obligations of the lease.

36 3. To sell, exchange, donate and convey to others any or all of its  
37 projects or properties on terms and conditions as its board of directors  
38 may deem advisable, including the power to receive for any sale the note  
39 or notes of the purchaser of the project or property, whenever its board  
40 of directors finds the action to further advance the interest of the  
41 corporation.

42 4. To issue its bonds for the purpose of carrying out any of its  
43 powers.

44 5. To mortgage and pledge any or all of its projects and  
45 properties, whether owned or acquired, and to pledge the revenues,

1 proceeds and receipts or any portion of the revenues, proceeds and  
2 receipts from a project as security for the payment of the principal of  
3 and interest on any bonds so issued and any agreements made in connection  
4 therewith.

5 6. To contract with and employ others to provide and to pay  
6 compensation for professional services and other services as the board of  
7 directors deems necessary for the financing of projects and for the  
8 business of the corporation.

9 7. To refund outstanding obligations incurred by an enterprise to  
10 finance the cost of a project when the board of directors finds that the  
11 refinancing is in the public interest.

12 8. To invest and reinvest funds under the control of the  
13 corporation and bond proceeds pending application thereof to the purposes  
14 for which the bonds were issued, subject only to the provisions of any  
15 bond resolution, lease or other agreement entered into by the board of  
16 directors.

17 9. To make secured or unsecured loans for the purpose of financing  
18 or refinancing the acquisition, construction, improvement, equipping or  
19 operating of a project and to charge and collect interest on the loans and  
20 pledge the proceeds of loan agreements as security for the payment of the  
21 principal and interest of any bonds, or designated issues of bonds, issued  
22 by the corporation, and any agreements made in connection with the loan,  
23 whenever the board of directors finds the loans to further advance the  
24 interest of the corporation or the public.

25 10. To acquire and hold obligations of any kind to carry out any of  
26 its purposes.

27 11. Subject to this section, to make loans to any bank, savings and  
28 loan institution, credit union or other mortgage lender, whether organized  
29 or existing under the laws of this state, another state or the United  
30 States, that is qualified to do business in this state, for the purpose of  
31 enabling the institutions to make loans to finance the acquisition,  
32 construction, improvement or equipping of projects that are owner-occupied  
33 single family dwelling units to be occupied by persons of low and moderate  
34 income, as determined by the corporation. The loans shall be fully  
35 secured in the same manner as deposits of public funds or by loans secured  
36 by mortgages, deeds of trust or other security instruments guaranteed or  
37 insured by the United States, or any instrumentality thereof, or by any  
38 private mortgage insurance or surety company that is approved by the  
39 federal home loan mortgage corporation or the federal national mortgage  
40 association and that is licensed to do business in this state, if the  
41 private mortgage insurance shall be in a dollar amount sufficient to  
42 satisfy the mortgage insurance requirements for loans eligible to be  
43 purchased by the federal home loan mortgage corporation or the federal  
44 national mortgage association or any other agency or department of the  
45 United States. The security shall not be necessary if the bonds issued to

1 make the loans are guaranteed or insured by an agency, department or  
2 instrumentality of the United States. Any bonds issued to make loans  
3 shall be ratable as "A" or better by a nationally recognized bond rating  
4 agency.

5 12. Subject to this section, to purchase or enter into advance  
6 commitments to purchase loans or any loan interests secured by mortgages,  
7 deeds of trust or other security instruments relating to projects that are  
8 owner-occupied single family dwelling units from or with any bank, savings  
9 and loan institution, credit union or other mortgage lender, whether  
10 organized or existing under the laws of this state, another state or the  
11 United States, that is qualified to do business in this state, on terms  
12 and conditions as may be determined by the corporation. The purpose of  
13 the purchases ~~shall be~~ IS to finance directly or indirectly the  
14 acquisition, construction, improvement or equipping of projects that are  
15 owner-occupied single family dwelling units to be occupied by persons of  
16 low and moderate income. If the bonds issued to make purchases are not  
17 guaranteed or insured by an agency, department or instrumentality of the  
18 United States or secured by a letter of credit, insurance policy, surety  
19 bond or other credit facility from a financial institution or a  
20 combination of such instruments, the purchased loans shall be guaranteed  
21 or insured by the United States or any agency, department, or  
22 instrumentality thereof, or by any private mortgage insurance or surety  
23 company that is approved by the federal home loan mortgage corporation or  
24 the federal national mortgage association or secured by a letter of  
25 credit, insurance policy, surety bond or other credit facility from a  
26 financial institution or a combination of such instruments. In the case  
27 of private mortgage insurance, the insurance shall be in a dollar amount  
28 sufficient to satisfy the mortgage insurance requirements for loans  
29 eligible to be purchased by the federal home loan mortgage corporation or  
30 the federal national mortgage association or any other agency or  
31 department of the United States. Any bonds issued to purchase loans shall  
32 be ratable as "A" or better by a nationally recognized bond rating  
33 agency. If the purchased loans have not been originated on behalf of the  
34 corporation to directly finance projects, the corporation shall require  
35 that the institution receiving proceeds from the sale of the loans use the  
36 proceeds to make loans to finance or refinance the acquisition,  
37 construction, improvement or equipping of projects that are owner-occupied  
38 single family dwelling units to be occupied by persons of low and moderate  
39 income, as determined by the corporation.

40 13. To elect not to issue an amount of qualified mortgage revenue  
41 bonds ~~which~~ THAT it may otherwise issue during any calendar year and to  
42 issue instead mortgage credit certificates pursuant to a qualified  
43 mortgage credit certificate program as defined in section 35-901.

44 14. To make loans to any person or entity owning residential  
45 property or to make loans to any bank, savings and loan association,

1 credit union or other mortgage lender, or to purchase or enter into  
2 advance commitments to purchase funding for the repair or improvement of  
3 property related to residential or neighborhood improvement projects. An  
4 authority may issue its bonds or incur other obligations to fund loans or  
5 purchases. An authority shall establish the provisions relating to bonds  
6 or other obligations, including the security for the loans, and shall  
7 establish the guidelines for the approval, funding, purchasing and  
8 security of the loans.

9 15. To enter into contracts and execute any agreements or  
10 instrument and do any other act necessary or appropriate to carry out its  
11 purposes.

12 16. To exercise the powers granted by this chapter, including  
13 through the issuance of bonds, to provide financing or refinancing for  
14 projects other than a project as defined in section 35-701, paragraph 7,  
15 subdivision (a), item (ii), located in whole or in part outside this  
16 state, provided that the board of directors of the corporation has  
17 determined that the exercise of such powers will provide a benefit within  
18 this state.

19 B. The corporation shall not have the power to operate any project  
20 as a business other than as lessor or seller nor shall any corporation  
21 make any loans pursuant to subsection A, paragraph 9 of this section for  
22 projects that are owner-occupied single family dwelling units except by  
23 utilizing as its contract agent a mortgage lender, whether organized or  
24 existing under the laws of this state, another state or the United States,  
25 that is qualified to do business in this state. Any project established  
26 pursuant to subsection A, paragraph 14 of this section is not required to  
27 use a mortgage lender as its contract agent. The corporation shall not  
28 permit any funds derived from the sale of its bonds to be used, loaned or  
29 provided for the acquisition of any facilities of a public utility or  
30 public service corporation, except as provided in section 35-701. The  
31 corporation shall comply with title 38, chapter 3, article 3.1.

32 C. A person's or family's eligibility for an owner-occupied single  
33 family dwelling unit financed pursuant to subsection A, paragraph 11, 12  
34 or 13 of this section shall be determined by considering the person's or  
35 family's income. Owner-occupied single family dwelling units shall only  
36 be financed as provided in subsection A, paragraphs 11, 12 and 13 of this  
37 section unless the owner-occupied single family dwelling units are located  
38 in an area designated pursuant to section 36-1479 as a slum,  
39 TRANSFORMATION, REINVESTMENT or blighted area as defined in section  
40 36-1471 by a municipality having a population of more than two hundred  
41 fifty thousand persons according to the most recent United States  
42 decennial census or a special census conducted in accordance with section  
43 42-5033.

44 D. In the exercise of its powers authorized in this section with  
45 respect to projects that are owner-occupied single family dwelling units

1 to be occupied by persons of low and moderate income and financed pursuant  
2 to subsection A, paragraphs 11 and 12 of this section, the corporation  
3 shall establish, subject to approval by the governing body of the  
4 authorizing county or municipality, standards and requirements applicable  
5 to the purchase of loans or the making of loans to mortgage lenders,  
6 including:

7 1. The eligibility of mortgage lenders, including the requirement  
8 that all mortgage lenders be approved as mortgagees by the federal housing  
9 administration and the United States department of veterans affairs and be  
10 approved as sellers and servicers of mortgage loans by the federal  
11 national mortgage association or federal home loan mortgage corporation.

12 2. The time within which mortgage lenders must make commitments and  
13 disbursements for mortgage loans.

14 3. The character of residences to be financed by mortgage loans.

15 4. The eligibility of persons of low and moderate income, including  
16 the requirement that no person of low and moderate income may receive,  
17 more than once in a ~~three year~~ THREE-YEAR period, a mortgage loan financed  
18 directly or indirectly from the proceeds of bonds issued by the  
19 corporation.

20 5. The terms and conditions of mortgage loans to be acquired.

21 6. The amounts and types of insurance coverage required on  
22 residences, mortgages and bonds.

23 7. The representations and warranties of mortgage lenders  
24 confirming compliance with the standards and requirements.

25 8. Restrictions as to interest rate and other terms of mortgage  
26 loans and the return realized on mortgage loans by mortgage lenders.

27 9. The type and amount of collateral security to be provided to  
28 assure repayment of any loans from the corporation and to assure repayment  
29 of bonds.

30 10. Assignment of the mortgage loans to a trustee acting on behalf  
31 of the corporation which shall be either a bank or trust company doing  
32 business in this state, having an officially reported combined capital  
33 surplus, undivided profits and reserves of not less than fifteen million  
34 dollars. Trustees must be approved to sell mortgages to and service  
35 mortgages for the federal national mortgage association and the federal  
36 home loan mortgage corporation.

37 11. Any other matters related to the purchase of mortgage loans or  
38 the making of loans to mortgage lenders deemed relevant by the  
39 corporation. In establishing standards and requirements, the corporation  
40 shall be guided by the following standards:

41 (a) The amount of mortgage monies proposed to be made available in  
42 the area is to be reasonably related to the demand for mortgage monies.

43 (b) For projects of owner-occupied single family dwelling units to  
44 be occupied by persons of low and moderate income and financed pursuant to  
45 subsection A, paragraphs 11 and 12 of this section, at least ten percent

1 of all mortgage monies proposed to be made available by the corporations  
2 other than mortgage monies reserved for any period to finance mortgage  
3 loans on residences located within an area designated as a slum,  
4 TRANSFORMATION, REINVESTMENT or blighted area as defined in section  
5 36-1471 shall be reserved for at least a ~~three-month~~ THREE-MONTH period  
6 for the financing of mortgage loans on manufactured housing unless the  
7 Arizona commerce authority determines that any bonds issued to make loans  
8 will not be ratable as "A" or better by a nationally recognized bond  
9 rating agency, in which case no such reservation is required. If all the  
10 mortgage monies reserved for manufactured housing are not committed or  
11 used to make mortgage loans during this ~~three-month~~ THREE-MONTH period,  
12 the mortgage lender may allocate the remaining monies to finance mortgage  
13 loans on any single family dwelling unit.

14 (c) Any departure from the level of commitment fees, origination  
15 fees or servicing fees normally charged by a mortgage lender is to be  
16 justified in the context of the transaction.

17 (d) The costs, fees and expenditures associated with the issuance  
18 of bonds are to be reasonably related to the services provided.

19 E. Only corporations, the formations of which have been approved by  
20 the governing body of a county having a population of more than seven  
21 percent of the total state population computed according to the most  
22 recent United States decennial census or by the governing body of a  
23 municipality having a population of more than seven percent of the total  
24 state population computed according to the most recent United States  
25 decennial census, shall have the powers granted in subsection A,  
26 paragraphs 11, 12 and 13 of this section. Except as provided in section  
27 35-913, subsections E and F, a corporation shall not exercise the powers  
28 granted in subsection A, paragraphs 11, 12 and 13 of this section outside  
29 of its jurisdiction. For the purposes of a refunding of any mortgage  
30 revenue bond issued before January 1, 2000, the proceeds from the  
31 refunding may be used outside the jurisdiction of the corporation issuing  
32 the refunding bonds except the corporation issuing the refunding bonds  
33 shall obtain the consent from another corporation with powers granted in  
34 subsection A, paragraphs 11, 12 and 13 of this section if the proceeds of  
35 the refunding are to be used within the jurisdiction of that  
36 corporation. For the purposes of exercising the powers granted in  
37 subsection A, paragraphs 11, 12 and 13 of this section, the jurisdiction  
38 of a corporation formed on behalf of a county includes all incorporated  
39 and unincorporated territory in the county.

40 F. A corporation may not permit proceeds of bonds or a qualified  
41 mortgage credit certificate program to be used to finance projects that  
42 are owner-occupied single family dwelling units within the corporate  
43 limits of an incorporated city or town unless the governing body of the  
44 city or town has approved the general location and character of the  
45 residences to be financed. The corporation, ~~prior to~~ BEFORE the issuance

1 of bonds or mortgage credit certificates for that purpose, shall give  
2 written notice to the governing body of each city or town in which it  
3 intends to permit proceeds of an issue of bonds or mortgage credit  
4 certificates to be used to finance projects that are owner-occupied single  
5 family dwelling units and of the general location and character of the  
6 residences that may be financed. The governing body of the city or town  
7 ~~shall be~~ IS deemed to have given its approval unless it has denied  
8 approval by formal action of the governing body within twenty-one days  
9 after receiving the written notice from the corporation. Approvals given  
10 or deemed to have been given with respect to use of proceeds of an issue  
11 of bonds or mortgage credit certificates under this subsection may not be  
12 withdrawn. Denials may be withdrawn by the governing body of a city or  
13 town and approval may be given thereafter if the corporation issuing the  
14 bonds or mortgage credit certificates approves the withdrawal of the  
15 denial.

16 G. Two or more corporations with the powers granted by subsection E  
17 of this section may provide:

18 1. That a corporation, the formation of which was approved by the  
19 governing body of a county or city, may exercise the powers granted in  
20 subsection A, paragraphs 11, 12 and 13 of this section, with respect to  
21 owner-occupied single family dwelling units located in all counties and  
22 cities that are parties to a cooperative agreement.

23 2. For the joint exercise by two or more corporations, each formed  
24 with the approval of a governing body executing the cooperative agreement,  
25 of the powers granted in subsection A, paragraphs 11, 12 and 13 of this  
26 section, with respect to owner-occupied single family dwelling units  
27 located in all counties and cities that are parties to the cooperative  
28 agreement. The agreement shall specify the calendar year or years for  
29 which it is effective, the means by which the agreement may be terminated  
30 ~~prior to~~ BEFORE the expiration of the calendar year or years and the  
31 aggregate principal amount of bonds that may be issued by the designated  
32 corporation or corporations to exercise the powers pursuant to the  
33 agreement. The corporation or corporations designated in the agreement to  
34 exercise the powers in the counties and cities that are parties to the  
35 agreement are the only corporation or corporations authorized and having  
36 jurisdiction to exercise the powers and to issue bonds to carry out the  
37 powers in the counties and cities while the agreement is in effect. The  
38 combined jurisdictions of all the counties and cities that are parties to  
39 the cooperative agreement are the jurisdictions of the corporation or  
40 corporations designated to exercise the powers granted in subsection A,  
41 paragraphs 11, 12 and 13 of this section within the meaning of the  
42 mortgage subsidy bond tax act of 1980 (P.L. 96-499; 26 United States Code  
43 section 103A).

44 H. It ~~shall~~ IS not ~~be~~ a conflict of interest under title 38,  
45 chapter 3, article 8, and this chapter, for any trustee or any mortgage



1 lender to enter into loan agreements with, or to sell mortgage loans to,  
2 the corporation as contemplated in subsection A, paragraphs 11, 12 and 13  
3 of this section, act for or under contract with the corporation as a  
4 mortgage originator, servicer, paying agent or depository, act as holder  
5 or dealer of bonds of the corporation or have as a director, officer or  
6 employee any member of the board of directors of the corporation or any  
7 combination.

8 I. The department of economic security shall once in each calendar  
9 year on or before March 1 determine the median family income of this state  
10 for the purposes of this chapter.

11 J. All areas in this state that are either designated pursuant to  
12 section 36-1479 as slum, **TRANSFORMATION, REINVESTMENT** or blighted areas as  
13 defined in section 36-1471 or designated as pockets of poverty by the  
14 United States department of housing and urban development are designated  
15 as areas of chronic economic distress within the meaning of the mortgage  
16 subsidy bond tax act of 1980 (P.L. 96-499; 26 United States Code section  
17 103A).

18 K. Any corporation that is described in subsection E of this  
19 section and that desires to exercise the powers granted in subsection A,  
20 paragraphs 11, 12 and 13 of this section, with respect to owner-occupied  
21 single family dwelling units located in two or more counties, may do so if  
22 the corporation, before issuing bonds or mortgage credit certificates for  
23 that purpose, gives written notice to the governing bodies of the other  
24 counties and their respective corporations, if any, of its intent to  
25 permit the proceeds of an issue of bonds or mortgage credit certificates  
26 to finance projects within its jurisdiction that are owner-occupied single  
27 family dwelling units. The governing body of a county and its respective  
28 corporation, if any, that have been given notice are deemed to have  
29 approved the use of the proceeds or mortgage credit certificates for  
30 owner-occupied single family dwelling units within their jurisdiction and  
31 approved the use of any state ceiling, as defined in section 35-901,  
32 unless approval is denied by formal action of the governing body or the  
33 board of directors of the corporation, if any, within twenty-one days  
34 after receiving written notice from the corporation. Absent a denial of  
35 approval as stated in this subsection, a cooperative agreement providing  
36 for the exercise of the powers granted in subsection A, paragraphs 11, 12  
37 and 13 of this section is deemed to exist among the applicable counties or  
38 corporations. Approvals given or deemed to have been given with respect  
39 to the matters stated in this subsection may not be withdrawn. Denials by  
40 the governing body of a county apply only to the unincorporated areas of  
41 the county. Denials may be withdrawn by the governing body of a county  
42 and approval may be given thereafter if the corporation issuing the bonds  
43 or mortgage credit certificates approves the withdrawal of the denial.  
44 Mortgage credit certificates and bond proceeds issued pursuant to this

1 subsection shall be available on an equitable basis within each of the  
2 participating counties.

3 L. The corporation within thirty days shall ~~upon~~ ON actual notice  
4 notify the governing body of:

5 1. Any lawsuit filed against the corporation related to the  
6 issuance of bonds.

7 2. Any formal investigation of the corporation initiated by the  
8 United States securities and exchange commission.

9 Sec. 5. Section 35-708, Arizona Revised Statutes, is amended to  
10 read:

11 35-708. Financing certain owner-occupied single family  
12  dwellings; exception

13 A. For THE purposes of section 35-701, paragraph 6, in areas other  
14 than a slum, TRANSFORMATION, REINVESTMENT or blighted area, the authority  
15 undertaking the bond issue shall set aside for sixty days thirty percent  
16 of the mortgages for owner-occupied single family dwelling units for  
17 persons and families whose income is below the median family income of  
18 this state.

19 B. This section does not apply to projects described in section  
20 35-701, paragraph 7, subdivision (a), item (iii) or programs established  
21 pursuant to section 35-706, subsection A, paragraph 14.

22 Sec. 6. Section 35-726, Arizona Revised Statutes, is amended to  
23 read:

24 35-726. Approval of general plan before issuing bonds; fee;  
25  definition

26 A. Bonds shall not be issued by a corporation for the purpose of  
27 financing single family dwelling units pursuant to section 35-706,  
28 subsection A, paragraph 11 or 12 without approval of a general plan by its  
29 governing body. The corporation shall submit a general plan for each  
30 respective series of bonds to its governing body. The general plan shall  
31 briefly describe:

32 1. The amount of the proposed bonds.

33 2. The maximum term of the bonds.

34 3. The maximum interest rate on the bonds.

35 4. The need for the bond issue.

36 5. The terms and conditions for originating or purchasing mortgage  
37 loans or making loans to lenders.

38 6. The area in which the single family dwelling units to be  
39 financed may be located.

40 7. The proposed fees, charges and expenditures to be paid for  
41 originators, servicers, trustees, custodians, mortgage administrators and  
42 others.

43 8. All insurance requirements with respect to mortgage loans,  
44 mortgaged property, mortgagors, originators, servicers and trustees.

1           9. The anticipated date of issuance of the bonds.

2           B. The governing body shall review general plans submitted by  
3 corporations pursuant to subsection A of this section. In reviewing the  
4 plans the governing body shall consider:

5           1. Whether the amount of the mortgage monies proposed to be made  
6 available is reasonably related to the demand for the mortgage monies.

7           2. Whether the terms of the general plan are justifiable in the  
8 context of the transaction and in the context of similar transactions.

9           3. Whether the fees, costs and expenditures as set forth in the  
10 general plan are reasonably related to the services provided.

11           4. For projects of owner-occupied single family dwelling units to  
12 be occupied by persons of low and moderate income and financed pursuant to  
13 section 35-706, subsection A, paragraphs 11 and 12, whether the proposed  
14 mortgage monies to be made available will fulfill a public purpose by  
15 providing housing for persons of low and moderate income or by encouraging  
16 single family developments in all participating jurisdictions, including  
17 such jurisdictions' slum, **TRANSFORMATION, REINVESTMENT** or blighted areas  
18 as defined in section 36-1471.

19           C. The governing body shall approve or disapprove the general plan  
20 not later than thirty days after receipt of the plan. If the governing  
21 body does not act on the general plan within thirty days after the date of  
22 receipt, the general plan shall be deemed approved. If a general plan is  
23 approved, the corporation may issue the series of bonds covered by the  
24 general plan with a total principal amount, maximum term and maximum  
25 interest rate no greater than that which is set forth in the general  
26 plan. The origination and servicing fees pertaining to mortgage loans to  
27 be financed in accordance with the general plan shall not exceed those  
28 proposed in the general plan. The corporation may vary other items in the  
29 general plan on a finding that the variation is minor and that the  
30 variations will not impair the security for the bonds or substantially  
31 increase the cost of financing the single family dwelling units and the  
32 findings of the corporation ~~shall be~~ **ARE** conclusive.

33           D. The governing body may charge any corporation submitting a  
34 general plan for review a fee of not to exceed ten thousand dollars  
35 together with reimbursement of its actual costs and expenses incurred in  
36 reviewing the general plan.

37           E. Except for a corporation approved by the Arizona finance  
38 authority or a governing body of a county or a municipality having a  
39 population of more than seven percent of the total state population, a  
40 corporation shall not issue bonds, other than refunding bonds the proceeds  
41 of which are used exclusively to refund a prior bond issue, to finance a  
42 multifamily residential rental project, sanitarium, clinic, medical hotel,  
43 rest home, nursing home, skilled nursing facility or life care facility as  
44 prescribed in section 20-1801, unless the department approves the

1 project. The department, with or without a hearing, shall review the  
2 project and consider at least the following factors:

3 1. The demand for and feasibility of the project in the area set  
4 forth in the application to the corporation.

5 2. The terms and conditions of the proposed bonds.

6 3. The proposed use of bond proceeds.

7 4. The benefit to the public if the project provides rental housing  
8 for persons of low and moderate income or encourages rental housing in  
9 slum, TRANSFORMATION, REINVESTMENT or blighted areas as defined in section  
10 36-1471.

11 5. If the project consists of a nursing home, or a life care  
12 facility as prescribed in section 20-1801, the benefit to the public of  
13 the project, including the proposed rent, fees and other charges of the  
14 project in relation to the level of services to be offered.

15 F. Subsection E of this section does not apply to bonds issued to  
16 finance:

17 1. A sanitarium, clinic, medical hotel, rest home, nursing home,  
18 skilled nursing facility, or life care facility as prescribed in section  
19 20-1801, if the facility is to be owned and operated by this state or a  
20 political subdivision or agency of this state.

21 2. A nursing home, rest home, skilled nursing facility, life care  
22 facility or senior residential facility providing on-site medical and  
23 support services if the facility is owned and operated by a nonprofit  
24 organization that is exempt from taxation under section 501(c)(3) of the  
25 United States internal revenue code.

26 G. Except for a corporation that is exempt under subsection E of  
27 this section, the department with or without a hearing shall approve or  
28 disapprove the project not later than thirty days after receipt of the  
29 request for approval. If the project is approved the corporation may  
30 issue the bonds described in the approval request with the total principal  
31 amount, maximum term and maximum interest rate no greater than as set  
32 forth in the request. The department shall charge each applicant  
33 submitting a project approval request pursuant to this subsection a fee of  
34 not to exceed five thousand dollars together with reimbursement of its  
35 actual costs and expenses incurred in reviewing the project. The  
36 department shall remit the fees to the state treasurer for deposit in the  
37 Arizona department of housing program fund established by section 41-3957.

38 H. For the purposes of this section, "department" means the Arizona  
39 department of housing.

40 Sec. 7. Section 36-1471, Arizona Revised Statutes, is amended to  
41 read:

42 36-1471. Definitions

43 In this article, unless the context otherwise requires:

44 1. "Area of operation" means the area within the territorial  
45 boundaries of the municipality.

1           2. "Blighted area" OR "REINVESTMENT AREA" means an area, other than  
2 a slum OR TRANSFORMATION area, where sound municipal growth and the  
3 provision of housing accommodations is substantially retarded or arrested  
4 in a predominance of the properties by any of the following:

- 5           (a) A dominance of defective or inadequate street layout.
- 6           (b) Faulty lot layout in relation to size, adequacy, accessibility  
7 or usefulness.
- 8           (c) Unsanitary or unsafe conditions.
- 9           (d) Deterioration of site or other improvements.
- 10          (e) Diversity of ownership.
- 11          (f) Tax or special assessment delinquency exceeding the fair value  
12 of the land.
- 13          (g) Defective or unusual conditions of title.
- 14          (h) Improper or obsolete subdivision platting.
- 15          (i) The existence of conditions that endanger life or property by  
16 fire and other causes.

17           3. "Bonds" means any bonds, including refunding bonds, notes,  
18 interim certificates, debentures or other obligations.

19           4. "Clerk" means the clerk or other official of the municipality  
20 who is the custodian of the official records of the municipality.

21           5. "Commission" or "slum clearance and redevelopment commission"  
22 means an agency of a municipality created pursuant to section 36-1476.

23           6. "Federal government" includes the United States or any agency or  
24 instrumentality, corporate or otherwise, of the United States.

25           7. "Local governing body" means the council or other legislative  
26 body charged with governing the municipality.

27           8. "Mayor" means the mayor of a municipality or other officer or  
28 body having the duties customarily imposed ~~upon~~ ON the executive head of a  
29 municipality.

30           9. "Municipality" means any incorporated city or town in ~~the~~ THIS  
31 state.

32           10. "Obligee" includes any bondholder, agents or trustees for any  
33 bondholders, or lessor demising to the municipality property used in  
34 connection with a redevelopment project, or any assignee or assignees of a  
35 lessor's interest or any part thereof, and the federal government when it  
36 is a party to any contract with the municipality.

37           11. "Person" means any individual, firm, partnership, corporation,  
38 company association, joint stock association or body politic, and includes  
39 any trustee, receiver, assignee or other similar representative thereof.

40           12. "Public body" means ~~the~~ THIS state or any municipality, county,  
41 village, board, commission, authority, district or any other subdivision  
42 or public body of ~~the~~ THIS state.

43           13. "Real property" includes all lands, including improvements and  
44 fixtures on the land, and property of any nature appurtenant to the land,  
45 or used in connection with the land, and every estate, interest and right,

1 legal or equitable therein, including terms for years and liens by way of  
2 judgment, mortgage or otherwise and the indebtedness secured by the liens.

3 14. "Redeveloper" means any person, partnership or public or  
4 private corporation or agency ~~which~~ THAT enters or proposes to enter into  
5 a redevelopment contract.

6 15. "Redevelopment contract" means a contract entered into between  
7 a municipality and a redeveloper for the redevelopment of an area in  
8 conformity with a redevelopment plan.

9 16. "Redevelopment plan" means a plan, other than a preliminary or  
10 tentative plan, for the acquisition, clearance, reconstruction,  
11 rehabilitation or future use of a redevelopment project area.

12 17. "Redevelopment project":

13 (a) Means any work or undertaking:

14 (i) To acquire slum, TRANSFORMATION, REINVESTMENT or blighted areas  
15 or portions of these areas and lands, structures or improvements, the  
16 acquisition of which is necessary or incidental to the proper clearance or  
17 redevelopment of these areas or to the prevention of the spread or  
18 recurrence of slum conditions or conditions of blight in the area.

19 (ii) To clear any areas by demolition or removal of existing  
20 buildings, structures, streets, utilities or other improvements thereon  
21 and to install, construct or reconstruct streets, utilities and site  
22 improvements essential to the preparation of sites for uses in accordance  
23 with a redevelopment plan.

24 (iii) To sell, lease or otherwise make available land in areas for  
25 residential, recreational, commercial, industrial or other use or for  
26 public use or to retain land for public use, in accordance with a  
27 redevelopment plan.

28 (b) Includes the preparation of a redevelopment plan, the planning,  
29 surveying and other work incident to a redevelopment project and the  
30 preparation of all plans and arrangements for carrying out a redevelopment  
31 project.

32 18. "Slum area" OR "TRANSFORMATION AREA" means an area in which  
33 both of the following are true:

34 (a) There is a predominance of buildings or improvements, whether  
35 residential or nonresidential.

36 (b) The public health, safety or welfare is threatened because of  
37 any of the following:

38 (i) Dilapidated, deteriorated, aging or obsolescent buildings or  
39 improvements.

40 (ii) The inadequate provision for ventilation, light, air,  
41 sanitation or open spaces.

42 (iii) Overcrowding.

43 (iv) The existence of conditions that endanger life or property by  
44 fire and other causes.

1           Sec. 8. Section 36-1473, Arizona Revised Statutes, is amended to  
2 read:

3           36-1473. Finding of necessity by local governing body

4           A. A municipality shall not exercise any of the powers conferred on  
5 municipalities by this article until its local governing body adopts a  
6 resolution by a two-thirds vote finding both of the following:

7           1. One or more slum, **TRANSFORMATION, REINVESTMENT** or blighted areas  
8 exist in the municipality.

9           2. The redevelopment of that area or areas is necessary in the  
10 interest of the public health, safety, morals or welfare of the residents  
11 of the municipality.

12           B. A municipality must notify the owner of real property that is  
13 within the boundaries of a proposed redevelopment **PROJECT** area of the  
14 time, date and location of a public meeting concerning the findings. The  
15 municipality must provide this notice by first class mail to the address  
16 stated on the most recent records of the county assessor.

17           Sec. 9. Section 36-1474, Arizona Revised Statutes, is amended to  
18 read:

19           36-1474. Powers of municipalities

20           A. Every municipality ~~shall have~~ **HAS** all the powers necessary or  
21 convenient to carry out and effectuate the purposes and provisions of this  
22 article, including the following powers in addition to others granted by  
23 this article:

24           1. To prepare or cause to be prepared redevelopment plans and to  
25 undertake and carry out redevelopment projects within its area of  
26 operation.

27           2. To arrange or contract for the furnishing or repair, by any  
28 person or agency, public or private, of services, privileges, works,  
29 streets, roads, public utilities or other facilities for or in connection  
30 with a redevelopment project, and anything to the contrary contained in  
31 this article or any other provision of law notwithstanding, to agree to  
32 any conditions that it deems reasonable and appropriate attached to  
33 federal financial assistance and imposed pursuant to federal law relating  
34 to the determination of prevailing salaries or wages or compliance with  
35 labor standards, in the undertaking or carrying out of a redevelopment  
36 project, and to include in any contract let in connection with a  
37 redevelopment project, provisions to fulfill the conditions as it deems  
38 reasonable and appropriate.

39           3. Within its area of operation:

40           (a) To purchase, lease, obtain options on, acquire by gift, grant,  
41 bequest, devise, eminent domain or otherwise, any real or personal  
42 property or any interest in the property, together with any improvements  
43 on the property, necessary or incidental to a redevelopment project.

44           (b) To hold, improve, clear or prepare for redevelopment any such  
45 property.

1 (c) To sell, lease, exchange, transfer, assign, subdivide, retain  
2 for its own use, mortgage, pledge, hypothecate or otherwise encumber or  
3 dispose of any real or personal property or any interest in the property  
4 in a redevelopment project.

5 (d) To enter into contracts with redevelopers of property  
6 containing covenants, restrictions and conditions regarding the use of the  
7 property for residential, commercial, industrial, recreational or other  
8 purposes or for public purposes in accordance with a redevelopment plan  
9 and the other covenants, restrictions and conditions as the municipality  
10 deems necessary to prevent a recurrence of conditions that qualify an area  
11 as a slum, TRANSFORMATION, REINVESTMENT or blighted area or to effectuate  
12 the purposes of this article. A municipality may not exercise the power  
13 of eminent domain unless the municipality makes a separate determination  
14 by a two-thirds vote of the local governing body that the property is  
15 critical to the project and the existing use of the property is not  
16 compatible with the proposed use and cannot be incorporated into or  
17 excluded from the proposed redevelopment project.

18 (e) To make any of the covenants, restrictions or conditions of the  
19 foregoing contracts covenants running with the land and to provide  
20 appropriate remedies for any breach of these covenants or conditions,  
21 including the right in the municipality to terminate these contracts and  
22 any interest in the property created pursuant thereto.

23 (f) To borrow money and issue bonds and provide security for loans  
24 or bonds.

25 (g) To insure or provide for the insurance of any real or personal  
26 property or operations of the municipality in a redevelopment project of  
27 the municipality against any risks or hazards, including the power to pay  
28 premiums on the insurance.

29 (h) To enter into any contracts necessary to effectuate the  
30 purposes of this article.

31 No statutory provision with respect to the acquisition, clearance or  
32 disposition of property by public bodies shall restrict a municipality in  
33 these functions with respect to a redevelopment project, unless the  
34 legislature specifically so states.

35 4. To invest any redevelopment project funds held in reserves or  
36 sinking funds or any redevelopment project funds not required for  
37 immediate disbursement, in property or securities in which savings banks  
38 may legally invest funds subject to their control and to redeem the bonds  
39 that have been issued pursuant to section 36-1481 at the redemption price  
40 established therein or to purchase the bonds at less than redemption  
41 price, all bonds so redeemed or purchased to be cancelled.

42 5. To borrow money and to apply for and accept advances, loans,  
43 grants, contributions and any other form of financial assistance from the  
44 federal government, the state, county or other public body or from any  
45 sources, public or private, for the purposes of this article, to give such



1 security as may be required and to enter into and carry out contracts in  
2 connection therewith. Notwithstanding any other law, a municipality may  
3 include in any contract for financial assistance with the federal  
4 government for a redevelopment project conditions imposed pursuant to  
5 federal law that the municipality deems reasonable and appropriate and  
6 that are not inconsistent with the purposes of this article.

7 6. Within its area of operation, to make or have made all surveys,  
8 appraisals, studies and plans, including the preparation of a general plan  
9 for the development of the municipality, necessary to carry out the  
10 purposes of this article and to contract or cooperate with any and all  
11 persons or agencies, public or private, to make and to carry out the  
12 surveys, appraisals, studies and plans.

13 7. To prepare plans and provide reasonable assistance for the  
14 relocation of families displaced from a redevelopment project area to the  
15 extent essential for acquiring possession of and clearing the area or  
16 parts of the area to permit the carrying out of the redevelopment project.

17 8. To appropriate ~~funds~~ MONIES and make expenditures necessary to  
18 carry out the purposes of this article and to make expenditures from funds  
19 obtained from the federal government without regard to any other laws  
20 pertaining to the making and approval of appropriations and expenditures.

21 9. To exercise all or any part or combination of powers granted by  
22 this section.

23 B. A municipality must notify each owner of real property located  
24 within the boundaries of a proposed redevelopment project area of the  
25 time, date and location of a public meeting concerning the proposed  
26 adoption of the redevelopment plan if the municipality intends to acquire  
27 that owner's property or any interest in that property. The municipality  
28 must provide this notice by first class mail to the address stated on the  
29 most recent records of the county assessor.

30 C. The designation of an area as a slum, TRANSFORMATION,  
31 REINVESTMENT or blighted area terminates ten years after this designation  
32 unless substantial action has been taken to remove the slum or blighted  
33 conditions. The termination does not affect existing projects as  
34 described in section 35-701, paragraph 7, subdivision (a), item (xi) that  
35 are within that designated area.

36 Sec. 10. Section 36-1479, Arizona Revised Statutes, is amended to  
37 read:

38 36-1479. Preparation and approval of redevelopment plans

39 A. A municipality shall not prepare a redevelopment plan for a  
40 redevelopment project area unless the local governing body, by resolution,  
41 has declared the area to be a slum, TRANSFORMATION, REINVESTMENT or  
42 blighted area in need of redevelopment. The local governing body shall not  
43 consider a redevelopment plan for approval until a general plan for the  
44 development of the municipality has been prepared. A municipality shall  
45 not acquire real property for a redevelopment project unless the local

1 governing body has approved the redevelopment plan, as prescribed in  
2 subsection F OF THIS SECTION.

3 B. The municipality may itself prepare or cause to be prepared a  
4 redevelopment plan or any person or agency, public or private, may submit  
5 a plan to a municipality. A redevelopment plan shall be sufficiently  
6 complete to indicate its relationship to definite local objectives as to  
7 appropriate land uses, improved traffic, public transportation, public  
8 utilities, recreational and community facilities and other public  
9 improvements and the proposed land uses and building requirements in the  
10 redevelopment project area. The plan shall include, at a minimum:

11 1. A statement of the boundaries of the redevelopment project area.

12 2. A map showing the existing uses and conditions of the real  
13 property within the redevelopment project area.

14 3. A land use plan showing proposed uses of the real property  
15 within the redevelopment project area.

16 4. Information showing the standards of population densities, land  
17 coverage and building intensities in the area after redevelopment.

18 5. A statement of the proposed changes, if any, in zoning  
19 ordinances or maps, street layouts, street levels or grades, building  
20 codes and ordinances.

21 6. A statement as to the kind and number of site improvements and  
22 additional public utilities ~~which~~ THAT will be required to support the new  
23 land uses in the area after redevelopment.

24 7. A statement of the proposed method and estimated cost of the  
25 acquisition and preparation for redevelopment of the redevelopment project  
26 area and the estimated proceeds or revenues from its disposal to  
27 redevelopers.

28 8. A statement of the proposed method of financing the  
29 redevelopment project.

30 9. A statement of a feasible method proposed for the relocation of  
31 families to be displaced from the redevelopment project area.

32 C. The land uses and building requirements proposed in a  
33 redevelopment plan shall be designed with the general purpose of  
34 accomplishing, in conformance with the general plan, a coordinated,  
35 adjusted and harmonious development of the municipality and its environs  
36 ~~which~~ THAT will, in accordance with present and future needs, promote  
37 health, safety, morals, order, convenience, prosperity and the general  
38 welfare, as well as efficiency and economy in the process of development,  
39 and including, among other things, adequate provision for traffic,  
40 vehicular parking, the promotion of safety from fire, panic and other  
41 dangers, adequate provision for light and air, the promotion of the  
42 healthful and convenient distribution of population, the provision of  
43 adequate transportation, water, sewerage and other public utilities,  
44 schools, parks, recreational and community facilities and other public  
45 requirements, the promotion of sound design and arrangement, the wise and

1 efficient expenditure of public funds, the prevention of the recurrence of  
2 slum conditions or conditions of blight and the provision of adequate,  
3 safe and sanitary dwelling accommodations.

4 D. ~~Prior to~~ BEFORE its approval of a redevelopment plan, the local  
5 governing body shall submit a redevelopment plan to the planning  
6 commission of the municipality, if any, for review and recommendations as  
7 to its conformity with the general plan for the development of the  
8 municipality as a whole. The planning commission shall submit its written  
9 recommendations with respect to the proposed redevelopment plan to the  
10 local governing body within thirty days after receipt of the plan for  
11 review. ~~Upon~~ ON receipt of the recommendations of the planning commission  
12 or, if no recommendations are received within thirty days, the local  
13 governing body may proceed with the hearing on the proposed redevelopment  
14 plan prescribed by subsection E OF THIS SECTION.

15 E. The local governing body shall hold a public hearing on any  
16 redevelopment plan or substantial modification to a plan being considered  
17 for approval. A municipality must notify each owner of real property  
18 located within the boundaries of a proposed redevelopment plan area of the  
19 time, date and location of a public meeting concerning the proposed  
20 adoption of the redevelopment plan. The municipality must provide this  
21 notice by first class mail to the address stated on the most recent  
22 records of the county assessor. The local governing body shall publish a  
23 public notice in a newspaper with a general circulation in the area of  
24 operation, once each week for two consecutive weeks, the last publication  
25 to be at least ten days ~~prior to~~ BEFORE the date set for hearing. The  
26 notice shall describe the time, place and purpose of the hearing and shall  
27 also generally identify the area to be redeveloped under the plan. All  
28 interested parties shall be afforded a reasonable opportunity to express  
29 their views respecting the proposed redevelopment plan at the hearing.

30 F. Approval of a redevelopment plan requires a two-thirds vote of  
31 the local governing body.

32 G. Following the hearing, the local governing body may approve a  
33 redevelopment plan if it finds that the plan is feasible and in conformity  
34 with the general plan for the development of the municipality as a whole,  
35 but if the redevelopment project area is a blighted OR REINVESTMENT area,  
36 the local governing body must also find that:

37 1. A shortage of housing of sound standards and design, adequate  
38 for family life, exists in the municipality.

39 2. The need for housing accommodations has been or will be  
40 increased as a result of the clearance of slums in other areas under  
41 redevelopment.

42 3. The conditions of blight in the area and the shortage of decent,  
43 safe and sanitary housing cause or contribute to an increase in and spread  
44 of disease and crime and constitute a menace to the public health, safety,  
45 morals or welfare.

1           4. The development of the area for predominately residential uses  
2 is an integral part of and essential to the program of the municipality  
3 for the elimination of the slum or blighted area.

4           H. A redevelopment plan may be modified at any time, but if  
5 modified after the lease or sale of real property in the redevelopment  
6 project area, the modification shall be consented to by the redeveloper or  
7 redevelopers of real property or a successor or their successors in  
8 interest affected by the proposed modification. Any proposed modification  
9 ~~which~~ THAT will substantially change the redevelopment plan as previously  
10 approved by the local governing body shall be considered a new plan and  
11 shall be subject to all the requirements of this section before it may be  
12 approved.

13           Sec. 11. Section 36-1480, Arizona Revised Statutes, is amended to  
14 read:

15           36-1480. Disposal of property in redevelopment project area

16           A. A municipality may sell, lease, exchange or otherwise transfer  
17 real property or any interest in the property in a redevelopment project  
18 area to any redeveloper for residential, recreational, commercial,  
19 industrial or other uses or for public use in accordance with the  
20 redevelopment plan, subject to covenants, conditions and restrictions as  
21 it deems to be in the public interest or to carry out the purposes of this  
22 article. The sale, lease, exchange or other transfer, and any related  
23 agreement may be made only after, or subject to, the approval of the  
24 redevelopment plan by the local governing body. Real property shall be  
25 sold, leased or transferred at its fair value for uses in accordance with  
26 the redevelopment plan even though the fair value may be less than the  
27 cost of acquiring and preparing the property for redevelopment. In  
28 determining the fair value of real property for uses in accordance with  
29 the redevelopment plan, a municipality shall take into account and give  
30 consideration to the uses and purposes required by the plan, the  
31 restrictions ~~upon~~ ON, and the covenants, conditions and obligations  
32 assumed by the redeveloper of the property, the objectives of the  
33 redevelopment plan for the prevention of the recurrence of slum,  
34 TRANSFORMATION, REINVESTMENT or blighted areas, and other matters the  
35 municipality specifies as being appropriate.

36           B. Sale, lease, exchange or other transfer of real property or any  
37 interest of the property shall not be made until after public advertising  
38 for bids has been made for at least thirty days in a newspaper of general  
39 circulation within the municipality and the posting of notices in three or  
40 more public places within the municipality. If there is no newspaper  
41 within the corporate limits of the municipality, the municipality shall  
42 post in three or more public places within the municipality, notices for  
43 bidders for the property proposed to be sold.

44           C. ~~Prior to~~ BEFORE the consideration of any redevelopment contract  
45 proposal, the municipality shall publish the notice at least once a week

1 for two consecutive weeks in a newspaper having a general circulation in  
 2 the area of operation, invite proposals from and make all pertinent  
 3 information available to, private redevelopers or any persons interested  
 4 in carrying out the redevelopment of a slum, TRANSFORMATION, REINVESTMENT  
 5 or blighted area, or any part of a slum, TRANSFORMATION, REINVESTMENT or  
 6 blighted area, which the local governing body has declared to be in need  
 7 of redevelopment. The notice shall identify the slum, TRANSFORMATION,  
 8 REINVESTMENT or blighted area, and shall state where any further  
 9 information available may be obtained. The municipality shall consider  
 10 all redevelopment proposals and the financial, technical and legal ability  
 11 of the prospective redevelopers to carry out their proposals and may  
 12 negotiate with any redevelopers for proposals for the purchase or lease of  
 13 any real property in the redevelopment project area. The municipality,  
 14 with the approval of the local governing body, may accept redevelopment  
 15 contract proposals it deems to be in the public interest and in  
 16 furtherance of the purposes of this article and may execute the  
 17 redevelopment contracts in accordance with ~~the provisions of~~ subsection A  
 18 OF THIS SECTION and deliver deeds, leases and other instruments and take  
 19 all steps necessary to effectuate the redevelopment contracts. In its  
 20 discretion, the municipality may, without regard to ~~the provisions of~~ this  
 21 subsection, dispose of real property in a redevelopment project area to  
 22 private redevelopers for redevelopment under the reasonable competitive  
 23 bidding procedures as it prescribes, subject to ~~the provisions of~~  
 24 subsection A OF THIS SECTION.

25 D. A municipality may temporarily operate and maintain real  
 26 property in a redevelopment project area pending the disposition of the  
 27 property for redevelopment, without regard to ~~the provisions of~~  
 28 subsections A, B and C OF THIS SECTION, for uses and purposes deemed  
 29 desirable even though not in conformity with the redevelopment plan. If  
 30 the real property is not disposed of for redevelopment within one year,  
 31 the municipality, immediately ~~upon~~ ON expiration of the ~~one year~~ ONE-YEAR  
 32 period, shall remove or demolish all buildings thereon.

33 Sec. 12. Section 42-6203, Arizona Revised Statutes, is amended to  
 34 read:

35 42-6203. Rates of tax

36 A. Except as otherwise provided in this section, if a lease of a  
 37 government property improvement was entered into before June 1, 2010, or  
 38 if a development agreement, ordinance or resolution was approved by the  
 39 governing body of the government lessor before June 1, 2010 that  
 40 authorized a lease on the occurrence of specified conditions and the lease  
 41 was entered into within ten years after the date the development agreement  
 42 was entered into or the ordinance or resolution was approved by the  
 43 governing body and the lease was determined by the department of revenue  
 44 to be in compliance with this subsection:

1           1. The tax authorized by this article shall be levied and collected  
2 at the following rates:

3           (a) One dollar per square foot of gross building space for office  
4 buildings with one floor above ground.

5           (b) One dollar twenty-five cents per square foot of gross building  
6 space for office buildings with more than one but fewer than eight floors  
7 above ground.

8           (c) One dollar seventy-five cents per square foot of gross building  
9 space for office buildings with eight floors or more above ground.

10           (d) One dollar fifty cents per square foot of retail building  
11 space, including space that is devoted to the sale of tangible personal  
12 property, restaurants, health clubs, hair salons, dry cleaners, travel  
13 agencies and other retail services.

14           (e) One dollar fifty cents per square foot of hotel or motel  
15 building space.

16           (f) Seventy-five cents per square foot of warehouse or industrial  
17 building space.

18           (g) Fifty cents per square foot of residential rental building  
19 space.

20           (h) One hundred dollars per parking space located in a parking  
21 garage or deck.

22           (i) One dollar per square foot of all other government property  
23 improvements not included in subdivisions (a) through (h) of this  
24 paragraph.

25           2. The tax rate for government property improvements for which the  
26 original certificate of occupancy was issued:

27           (a) At least ten years but less than twenty years before the date  
28 the tax is due is eighty percent of the rate provided in paragraph 1 of  
29 this subsection.

30           (b) At least twenty years but less than thirty years before the  
31 date the tax is due is sixty percent of the rate provided in paragraph 1  
32 of this subsection.

33           (c) At least thirty but less than forty years before the date the  
34 tax is due is forty percent of the rate provided in paragraph 1 of this  
35 subsection.

36           (d) At least forty but less than fifty years before the date the  
37 tax is due is twenty percent of the rate provided in paragraph 1 of this  
38 subsection.

39           (e) Fifty or more years before the date the tax is due is zero.

40           3. If no certificate of occupancy can be located, dated aerial  
41 photographs or other evidence of substantial completion may be used to  
42 determine the age of the building for purposes of paragraph 2 of this  
43 subsection.

44           4. A lease or development agreement, originally subject to this  
45 subsection, that is subsequently amended remains subject to this

1 subsection if the amended lease or development agreement meets all of the  
2 following requirements:

3 (a) The government lessor determines that the amendment furthers  
4 the original purpose of the lease or development agreement.

5 (b) Any land added under the amendment is contiguous to the land  
6 under the original lease or development agreement and does not increase  
7 the land area under the original lease or development agreement by more  
8 than fifty percent.

9 (c) Any government property improvement added under the amendment  
10 does not increase the area of gross building space of government property  
11 improvements under the original lease or development agreement by more  
12 than one hundred percent.

13 B. Except as otherwise provided in this section, if a lease of a  
14 government property improvement does not meet the conditions for applying  
15 subsection A of this section:

16 1. Subject to paragraphs 2 and 3 of this subsection, the tax  
17 authorized by this article shall be levied and collected at the following  
18 base rates, which apply through December 31, 2011:

19 (a) Two dollars per square foot of gross building space for office  
20 buildings with one floor above ground.

21 (b) Two dollars thirty cents per square foot of gross building  
22 space for office buildings with more than one but fewer than eight floors  
23 above ground.

24 (c) Three dollars ten cents per square foot of gross building space  
25 for office buildings with eight floors or more above ground.

26 (d) Two dollars fifty-one cents per square foot of retail building  
27 space, including space that is devoted to the sale of tangible personal  
28 property, restaurants, health clubs, hair salons, dry cleaners, travel  
29 agencies and other retail services.

30 (e) Two dollars per square foot of hotel or motel building space.

31 (f) One dollar thirty-five cents per square foot of warehouse or  
32 industrial building space.

33 (g) Seventy-six cents per square foot of residential rental  
34 building space.

35 (h) Two hundred dollars per parking space located in a parking  
36 garage or deck.

37 (i) Two dollars per square foot of all other government property  
38 improvements not included in subdivisions (a) through (h) of this  
39 paragraph.

40 2. If, in the tax year in which the lease of the government  
41 property improvement is entered into, the aggregate of all ad valorem  
42 property tax rates of all taxing jurisdictions in which the government  
43 property improvement is located is at least ninety percent of the  
44 countywide average combined property tax rates, the rate of tax prescribed  
45 by paragraph 1 of this subsection, as currently adjusted pursuant to

1 paragraph 3 of this subsection, applies with respect to that government  
2 property improvement. If, in the tax year in which the lease of the  
3 government property improvement is entered into, the aggregate of all ad  
4 valorem property tax rates of all taxing jurisdictions in which the  
5 government property improvement is located is less than ninety percent of  
6 the countywide average combined property tax rates, the rate of tax  
7 prescribed by paragraph 1 of this subsection, as currently adjusted  
8 pursuant to paragraph 3 of this subsection, shall be reduced by ten  
9 percent.

10 3. On or before December 1, 2011 and December 1 of each year  
11 thereafter, for all government property leases that are subject to this  
12 subsection, the department of revenue shall adjust the tax rates that  
13 apply under paragraphs 1 and 2 of this subsection in the following  
14 calendar year for each property use according to the average annual  
15 positive or negative percentage change for the two most recent fiscal  
16 years in the producer price index for new construction or its successor  
17 index published by the United States bureau of labor statistics. On or  
18 before December 15 of each year, the department shall post the adjusted  
19 rates for the following calendar year on its official website and transmit  
20 the adjusted rates to each county treasurer.

21 C. The tax rate for a government property improvement that was  
22 constructed pursuant to a lease or development agreement entered into from  
23 and after June 30, 1996 and that is located outside a slum,  
24 TRANSFORMATION, REINVESTMENT or blighted area established pursuant to  
25 title 36, chapter 12, article 3 is one and one-half times the rate  
26 established by subsections A and B of this section.

27 D. Within the first twenty years after the issuance of the original  
28 certificate of occupancy, the tax rate on the use or occupancy of a  
29 government property improvement is twenty percent of the rate established  
30 in subsections A and B of this section for any of the following:

31 1. Government property improvements that are subject to leases or  
32 agreements that were entered into before April 1, 1985, and options and  
33 rights contained in the leases or agreements.

34 2. Government property improvements that are subject to leases  
35 entered into based on a redevelopment contract, as defined in section  
36 36-1471, entered into before April 1, 1985.

37 3. Government property improvements that are subject to leases  
38 entered into based on an agreement for a redevelopment project for which  
39 federal grant monies have been received and that was entered into before  
40 April 1, 1985.

41 4. Government property improvements that are located at an airport  
42 that was owned on or before January 1, 1988 by a county having a  
43 population of four hundred thousand persons or less or by a city or town  
44 that is located in a county having a population of four hundred thousand  
45 persons or less if the property is used primarily for manufacturing,



1 retail, distribution, research or commercial purposes. For the purposes  
2 of this paragraph, "commercial" includes facilities for office,  
3 recreational, hotel, motel and service uses.

4 E. Within the first ten years after the issuance of the certificate  
5 of occupancy, the tax rate on the use or occupancy of a government  
6 property improvement that is located in a slum, **TRANSFORMATION,**  
7 **REINVESTMENT** or blighted area established pursuant to title 36, chapter  
8 12, article 3, that resulted or will result in an increase in property  
9 value of at least one hundred percent and that is not eligible for  
10 abatement pursuant to section 42-6209 is eighty percent of the rate  
11 established in subsections A and B of this section.

12 F. The tax rate to be applied under subsection A or B of this  
13 section shall be determined by the predominant use to which the government  
14 property improvement is devoted, except that in all cases the tax rate  
15 prescribed by subsection A, paragraph 1, subdivision (h) or subsection B,  
16 paragraph 1, subdivision (h) of this section shall be applied to any  
17 parking garage or deck. If there is no single predominant use, the tax  
18 shall be determined by applying the appropriate tax rate to the building  
19 space devoted to each use identified in that subsection. For the purposes  
20 of this subsection, in applying the tax rates under subsection A of this  
21 section the functional area of a government property improvement does not  
22 include subsidiary, auxiliary or servient areas such as lobbies,  
23 stairwells, mechanical rooms and meeting and banquet rooms. For the  
24 purposes of this subsection, "predominant use" means the use to which  
25 eighty-five percent or more of the functional area of a government  
26 property improvement is devoted.

27 G. Prime lessees of government property improvements who become  
28 taxable or whose taxable status terminates during the calendar year in  
29 which the taxes are due, including prime lessees subject to exemption or  
30 abatement under sections 42-6208 and 42-6209, shall pay tax for that  
31 calendar year on a pro rata basis.

32 Sec. 13. Section 42-6206, Arizona Revised Statutes, is amended to  
33 read:

34 **42-6206. Leases and development agreements; notice of tax**  
35 **liability; approval requirements; default**

36 A. Each lease or development agreement between a prime lessee and a  
37 government lessor entered into after June 30, 1996 shall include:

- 38 1. A notice of the tax liability under this article.
- 39 2. A provision that failure by the prime lessee to pay the tax  
40 after notice and an opportunity to cure is an event of default that could  
41 result in divesting the prime lessee of any interest in or right of  
42 occupancy of the government property improvement.

43 B. Except as provided by subsection C of this section, each lease  
44 or development agreement between a prime lessee and a government lessor  
45 for a government property improvement located in a slum, **TRANSFORMATION,**

1 REINVESTMENT or blighted area that is established pursuant to title 36,  
2 chapter 12, article 3, that is entered into from and after May 31, 2010  
3 and that does not meet the conditions provided in section 42-6203,  
4 subsection A:

5 1. Shall not be approved unless the government lessor:

6 (a) Notifies the governing bodies of the county and any city, town  
7 and school district in which the government property improvement is  
8 located at least sixty days before the approval. The notice must include  
9 the name and address of the intended prime lessee, the location and  
10 proposed use of the government property improvement and the proposed term  
11 of the lease or development agreement.

12 (b) Determines that, within the term of the lease or development  
13 agreement, the economic and fiscal benefit to this state and the county,  
14 city or town in which the government property improvement is located will  
15 exceed the benefits received by the prime lessee as a result of the  
16 development agreement or lease on the basis of an estimate of those  
17 benefits prepared by an independent third party in a manner and method  
18 acceptable to the governing body of the government lessor. The estimate  
19 must be provided to the government lessor and the governing bodies of the  
20 county and any city, town and school district in which the government  
21 property improvement is located at least thirty days before the vote of  
22 the governing body. A lease or development agreement between a prime  
23 lessee and a government lessor involving residential rental housing is  
24 exempt from the economic estimate analysis requirements of this ~~subsection~~  
25 **SUBDIVISION**.

26 2. Must be approved by a simple majority vote of the governing body  
27 without the use of a consent calendar.

28 C. A lease or development agreement that is subject to subsection B  
29 of this section must provide that the lease begins within ten years after  
30 approval of the development agreement and the term of the lease does not  
31 exceed twenty-five years, including any abatement period authorized under  
32 section 42-6209, and regardless of whether the lease is transferred or  
33 conveyed to subsequent prime lessees during that period. As soon as  
34 reasonably practicable but within twelve months after the expiration date  
35 of the lease the government lessor must convey to the current prime lessee  
36 title to the government property improvement and underlying land unless  
37 the parcel is controlled by an airport subject to federal regulation or by  
38 the local federal transit authority. Property conveyed to the prime  
39 lessee under this subsection does not qualify for classification as class  
40 six property or for any other discounted assessment regardless of the  
41 location or condition of the property.

42 D. Subsections B and C of this section do not apply if the  
43 government lessor is acting as a commercial landlord without a development  
44 agreement in a lease for a use ancillary to a government property  
45 improvement used for a public purpose.

1 E. ~~no~~ NOT later than June 30 of each year the government lessor  
2 shall provide the county assessor with a complete list of development  
3 agreements between the government lessor and the prime lessees, including  
4 the commencement and termination dates of the agreements, the names and  
5 addresses of the prime lessees and the locations of the properties that  
6 are subject to the agreements.

7 Sec. 14. Section 42-6209, Arizona Revised Statutes, is amended to  
8 read:

9 42-6209. Abatement of tax for government property  
10 improvements in single central business district

11 A. A city or town may abate the tax provided for under this article  
12 for a limited period beginning when the certificate of occupancy is issued  
13 and ending eight years after the certificate of occupancy is issued on a  
14 government property improvement that is constructed either before or after  
15 July 20, 1996 and that meets the following requirements:

16 1. The improvement is located in a single central business district  
17 in the city or town and is subject to a lease or development agreement  
18 entered into on or after April 1, 1985. For the purposes of this section:

19 (a) A city or town shall not designate more than one central  
20 business district within its corporate boundaries.

21 (b) A city or town shall not approve or enter into a development  
22 agreement or lease for a government property improvement within one year  
23 after the designation of the central business district in which the  
24 improvement is located.

25 (c) "Central business district" means a single and contiguous  
26 geographical area that is designated by resolution of the governing body  
27 of the city or town and that is both of the following:

28 (i) Located entirely within a slum, TRANSFORMATION, REINVESTMENT or  
29 blighted area that is established pursuant to title 36, chapter 12,  
30 article 3.

31 (ii) Geographically compact and ~~no~~ NOT larger than the greater of  
32 five percent of the total land area within the exterior boundaries of the  
33 city or town or six hundred forty acres.

34 2. The government property improvement resulted or will result in  
35 an increase in property value of at least one hundred percent.

36 B. The prime lessee shall notify the county treasurer and the  
37 government lessor and apply for the abatement before the taxes under this  
38 article are due and payable in the first year after the certificate of  
39 occupancy is issued.

40 C. Except as provided by subsection D of this section, each lease  
41 between a prime lessee and a government lessor for which the tax is abated  
42 under this section and that is entered into from and after May 31, 2010,  
43 and that does not meet the conditions provided in section 42-6203,  
44 subsection A, must be approved by a simple majority vote of the governing

1 body without the use of a consent calendar and shall not be approved  
2 unless:

3 1. The government lessor notifies the governing bodies of the  
4 county and any city, town and school district in which the government  
5 property improvement is located at least sixty days before the approval.  
6 The notice must include the name and address of the intended prime lessee,  
7 the location and proposed use of the government property improvement and  
8 the proposed term of the lease or development agreement.

9 2. The government lessor determines that, within the term of the  
10 lease or development agreement, the economic and fiscal benefit to this  
11 state and the county, city or town in which the government property  
12 improvement is located will exceed the benefits received by the prime  
13 lessee as a result of the development agreement or lease on the basis of  
14 an estimate of those benefits prepared by an independent third party in a  
15 manner and method acceptable to the governing body of the government  
16 lessor. The estimate must be provided to the government lessor and the  
17 governing bodies of the county and any city, town and school district in  
18 which the government property improvement is located at least thirty days  
19 before the vote of the governing body. A lease or development agreement  
20 between a prime lessee and a government lessor involving residential  
21 rental housing is exempt from the economic estimate analysis requirements  
22 of this paragraph.

23 3. The lease or development agreement provides that the government  
24 lessor may not approve an amendment to change the use of the government  
25 property improvement during the period of abatement unless:

26 (a) The government lessor notifies the governing bodies of the  
27 county and any city, town and school district in which the government  
28 property improvement is located at least sixty days before the approval.  
29 The notice must include the name and address of the prime lessee, the  
30 location and proposed use of the government property improvement and the  
31 remaining term of the lease or development agreement.

32 (b) The government lessor determines that, within the remaining  
33 term of the lease or development agreement, the economic and fiscal  
34 benefit to this state and the county, city or town in which the government  
35 property improvement is located will exceed the benefits received by the  
36 prime lessee as a result of the change in the lease or development  
37 agreement on the basis of an estimate of those benefits prepared by an  
38 independent third party in a manner and method acceptable to the governing  
39 body of the government lessor. The estimate must be provided to the  
40 government lessor and the governing bodies of the county and any city,  
41 town and school district in which the government property improvement is  
42 located at least thirty days before the vote of the governing body. A  
43 change in use under a lease or development agreement between a prime  
44 lessee and a government lessor to residential rental housing is exempt  
45 from the economic estimate analysis requirements of this subdivision.

1 D. Subsection C of this section does not apply if:

2 1. The tax is not abated under this section.

3 2. The government lessor is acting as a commercial landlord without  
4 a development agreement in a lease for a use ancillary to a government  
5 property improvement used for a public purpose.

6 E. Notwithstanding section 42-6206, subsection C, beginning with  
7 development agreements, ordinances or resolutions for the lease of  
8 government property improvements approved by the governing body of the  
9 government lessor from and after December 31, 2016, the lease period for a  
10 property for which the tax is abated under this section may not exceed  
11 eight years, including any abatement period, regardless of whether the  
12 lease is transferred or conveyed to subsequent prime lessees during that  
13 period. As soon as reasonably practicable but within twelve months after  
14 the expiration date of the lease, the government lessor must convey to the  
15 current prime lessee title to the government property improvement and the  
16 underlying land. Property conveyed to the prime lessee under this  
17 subsection does not qualify for classification as class six property or  
18 for any other discounted assessment regardless of the location or  
19 condition of the property. This subsection does not apply to leases or  
20 the development agreements for the lease of government property if either  
21 of the following occurred before January 1, 2017:

22 1. A corresponding resolution or ordinance for the lease or intent  
23 to lease such property subject to this section was approved by the  
24 governing body of the government lessor.

25 2. A proposal was submitted to the government lessor in response to  
26 a request for proposals.

27 Sec. 15. Section 48-571, Arizona Revised Statutes, is amended to  
28 read:

29 48-571. Definitions: appointment of officer

30 A. In this article and article 1 of this chapter, unless the  
31 context otherwise requires:

32 1. "Assessment" or "assessment roll" means a special assessment  
33 made under ~~the provisions of~~ this article.

34 2. "Block" means any parcel of ground, whether regular or  
35 irregular, which is bounded by streets, or by one or more streets and by  
36 one or more boundary lines of the city or town.

37 3. "Clerk" includes any person or official who performs the duties  
38 of clerk of the city or town.

39 4. "Contractor" includes the contractor's personal representative  
40 or assignee.

41 5. "Council" or "governing body" includes and means the body or  
42 board ~~which~~ THAT by law is constituted the legislative department of an  
43 incorporated city or town.

44 6. "Delinquency" means delinquency in the payment of an assessment  
45 made under ~~the provisions of~~ this article.

1           7. "Designated area" means an area of the municipality ~~which~~ THAT  
2 is either designated pursuant to section 36-1479 as a slum,  
3 TRANSFORMATION, REINVESTMENT or blighted area or designated as a pocket of  
4 poverty or a neighborhood strategy area by the United States department of  
5 housing and urban development, pursuant to title I of the housing and  
6 community development act of 1977, as amended (P.L. 95-128; 42 United  
7 States Code sections 5301 through 5320) and the department of housing and  
8 urban development act (P.L. 89-174; 42 United States Code section  
9 3535(d)).

10           8. "Engineer" includes any person who, under whatever official  
11 name, is the civil engineer or surveyor of the city or town, and where  
12 there is no elected or appointed official, then the engineer is the person  
13 who may be appointed or employed by the council to perform the duties  
14 required of an engineer under ~~the provisions of~~ this article.

15           9. "Improvement bond" means a bond issue under ~~the provisions of~~  
16 this article.

17           10. "Lighting plants" includes electric light plants, electric  
18 power plants, gas plants, distribution systems, poles, parts, pipes,  
19 conduits, wires, tanks, reservoirs, generators for gas or electricity,  
20 transmission lines, towers, lamps, transformers of every character,  
21 machinery, apparatus, equipment and all appliances and structures  
22 necessary or incidental to the construction, installation or operation of  
23 a complete municipal electric light, power and gas plant and distribution  
24 system, placed on the streets improved, though extended beyond.

25           11. "Lot" includes any portion, piece, parcel or subdivision of  
26 land, and includes property owned or controlled by any person as a  
27 railroad right-of-way.

28           12. "Mayor" includes the chairman or president of the governing  
29 body.

30           13. "Municipality" or "city" includes incorporated cities and  
31 towns.

32           14. "Owner" means the person in whom, on the day the action or  
33 proceeding is commenced, appears the legal title to the lot by deed  
34 recorded in the recorder's office, or the person in possession of the lot  
35 under claim of title, or exercising acts of ownership over the lot for the  
36 person, or as the personal representative of the owner.

37           15. "Railroad" includes street railroad and interurban railroad.

38           16. "Sewers" includes tunnels, excavations, ditches, drains,  
39 conduits, channels, outlets, outfalls, cesspools, manholes, catch basins,  
40 flush tanks, septic tanks, connecting sewers of every character,  
41 machinery, apparatus, equipment and all appliances and structures  
42 necessary or incidental to the construction, installation or operation of  
43 a complete sewer system, for either sanitary or drainage purposes.

1 17. "Street" includes avenues, alleys, highways, lanes, crossings,  
2 intersections, courts, places and grounds now open or dedicated or  
3 hereafter opened or dedicated to public use, and public ways.

4 18. "Street superintendent" or "superintendent" includes any person  
5 who, under whatever official name, is charged with the care or supervision  
6 of the streets of the city or town.

7 19. "Time of delinquency" means the time fixed when assessments  
8 become delinquent.

9 20. "Treasurer" includes any person who, under whatever official  
10 name, is the custodian of the funds of the city or town.

11 21. "Waterworks" includes pipes, hydrants, reservoirs, wells,  
12 pumps, pumping plants, conduits, settling basins, filtering plants of  
13 every character, machinery, apparatus, equipment and all appliances and  
14 structures necessary or incidental to the construction, installation or  
15 operation of a complete municipal waterworks system, for fire protection,  
16 or for domestic irrigation, mechanical or power purposes, placed on the  
17 streets improved, though extended beyond.

18 22. "Work" or "improvement" includes any or all of the improvements  
19 mentioned and authorized to be made in this ARTICLE and article 1 of this  
20 chapter and the construction, reconstruction and repair of all or any  
21 portion of the improvements, and all labor, services, incidental expenses  
22 and material necessary or incidental to the construction, reconstruction  
23 or repair.

24 B. In any city or town having no officer in this article  
25 designated, or performing like duties, the governing body may appoint a  
26 suitable person to discharge the duties.

27 Sec. 16. Section 48-574, Arizona Revised Statutes, is amended to  
28 read:

29 48-574. Improvement districts for operation, maintenance,  
30 repair and improvement of pedestrian malls,  
31 off-street parking facilities, retention and  
32 detention basins and parkings and parkways

33 A. In addition to the purposes for which an improvement district  
34 may be formed under ~~the provisions of~~ section 48-572, an improvement  
35 district may be formed for the sole purpose of the operation, maintenance,  
36 repair and improvements of pedestrian malls, off-street parking  
37 facilities, retention and detention basins and parkings and parkways.

38 B. Subject to the powers granted and the limitations contained in  
39 this section, the powers and duties of the governing body of the  
40 municipality and the procedure to be followed ~~shall be~~ ARE as provided in  
41 this article for other types of special improvement districts.

42 C. If a petition for the formation of an improvement district under  
43 ~~the provisions of~~ this section is presented to the governing body  
44 purporting to be signed by all of the real property owners in the proposed  
45 district, exclusive of mortgagees and other lienholders, the governing

1 body, after verifying the property ownership and making a finding of that  
2 fact, shall adopt a resolution of intention to order the improvement  
3 pursuant to ~~the provisions of~~ section 48-576 and shall have immediate  
4 jurisdiction to adopt the resolution ordering the improvement pursuant to  
5 ~~the provisions of~~ section 48-581, without the necessity of the publication  
6 and posting of the resolution of intention provided for in section 48-578.

7 D. The governing body shall make annual statements and estimates of  
8 the expenses of the district, which shall be provided for either:

9 1. By the levy and collection of ad valorem taxes ~~upon~~ ON the  
10 assessed value of all the real and personal property in the district.

11 2. By assessment of the total sum ~~upon~~ ON the several lots, each  
12 respectively in proportion to the benefits to be received by each lot.

13 E. If the expenses of the district are provided for by ad valorem  
14 taxes, the governing body shall publish notice, have hearings and adopt  
15 the taxes at the times and in the manners provided for incorporated cities  
16 and towns by the applicable portions of title 42, chapter 17, article 3.  
17 The governing body, on or before the third Monday in August of each year,  
18 shall fix, levy and assess the amount to be raised by ad valorem taxes  
19 ~~upon~~ ON all of the property of the district. If the expenses of the  
20 district are assessed ~~upon~~ ON the several lots in proportion to the  
21 benefits received by each lot, the governing body shall follow the  
22 procedures established in section 48-575 for the assessment and collection  
23 of the assessments. All statutes providing for the levy and collection of  
24 general county taxes, including the collection of delinquent taxes and  
25 sale of property for nonpayment of taxes, shall be applicable to the  
26 district taxes provided for under this section.

27 F. An improvement district formed under ~~the provisions of~~ this  
28 section shall not be authorized to issue improvement bonds.

29 G. No improvement district formed under ~~the provisions of~~ this  
30 section shall be authorized to engage in any activity other than as  
31 provided in subsection A of this section. If the municipality is willing  
32 to participate in the cost of the district, the governing body may, by  
33 resolution, summarily order such participation.

34 H. The formation of an improvement district under ~~the provisions of~~  
35 this section shall not prevent the subsequent establishment of improvement  
36 districts for any other purpose authorized by law.

37 I. If, in the opinion of the governing body, any portion of the  
38 territory of a district formed under this section is no longer benefited  
39 by being a part of the district, the governing body may, by resolution,  
40 summarily delete from the district formed under this section any area and  
41 may form a new district from the balance of the original district formed  
42 under this section.

43 J. If, in the opinion of the governing body, territory adjacent to  
44 a district formed under this section would benefit from being a part of  
45 the district, the governing body, by resolution, may include the territory



1 in the district formed under this section if the following conditions are  
2 met:

3 1. Improvements that meet the standards and specifications  
4 established by the governing body have been constructed in the territory  
5 and will be used for the purposes of the district.

6 2. Any required public dedications of property have been made or  
7 will be made before the inclusion of the territory in the district.

8 3. Including the territory in the district will not adversely  
9 affect the district.

10 4. Notice of the proposed inclusion of the territory in the  
11 district has been published in five consecutive issues of a daily  
12 newspaper or two consecutive issues of a weekly or semiweekly newspaper of  
13 general circulation published in the municipality and a public hearing has  
14 been held to consider the inclusion of the territory in the district.

15 5. Notice has been sent by first class mail at least ten days ~~prior~~  
16 ~~to~~ BEFORE the hearing specified in paragraph 4 of this subsection with an  
17 accurate map of the territory proposed for inclusion in the district to  
18 each owner of real and personal property within the district and in the  
19 proposed area of inclusion as shown on the statement furnished pursuant to  
20 subsection K of this section that is now or would be subject to taxation  
21 by the district in the event of inclusion of the proposed area.

22 K. The county assessor and the department of revenue, respectively,  
23 shall furnish to the district within thirty days after a request a  
24 statement in writing showing the name and the address of each owner of  
25 real and personal property within the district and in the proposed area of  
26 inclusion that is now or that would be subject to taxation by the district  
27 in the event of inclusion of the proposed area.

28 L. Within ten days after the governing body adopts a resolution  
29 pursuant to subsection J of this section, the municipality shall record  
30 the resolution in the office of the county recorder in the county in which  
31 the district is located to give notice of the inclusion of the territory  
32 in the district to all property owners in the district. If, before the  
33 governing body adopts the resolution pursuant to subsection J of this  
34 section, a majority of the property owners, by area, of either the  
35 original district formed under this section or the territory proposed to  
36 be included in the district files with the governing board written  
37 objections to the proposed inclusion of the territory, the territory shall  
38 not be included in the district.

39 M. Within ten days after adoption of the resolution of intention to  
40 order the improvement pursuant to section 48-576, the municipality shall  
41 record the resolution in the office of the county recorder in the county  
42 in which the district is located to give notice of formation of the  
43 district to all property owners within the district.

44 N. For the purposes of this subsection, a property owner is an  
45 owner of real property, exclusive of mortgagees and other lienholders,

1 that is within an improvement district that was formed as prescribed by  
2 this section. A property owner may petition the governing body to dissolve  
3 the district pursuant to the following procedures:

4 1. A property owner shall file with the clerk of the governing body  
5 in which the district is located a written notice of the property owner's  
6 intent to circulate a petition to dissolve the district. The notice shall  
7 include the name, address and telephone number of at least one property  
8 owner living within the district who intends to circulate the petition,  
9 the name, location and general purpose of the district ~~which~~ THAT is to be  
10 dissolved and a true and concise statement of two hundred words or less  
11 explaining the advantages of dissolving the district. A petition shall  
12 not be circulated for thirty days after the property owner files with the  
13 governing body the notice of intent to circulate a dissolution petition.

14 2. The governing body may provide a form of petition to be used to  
15 dissolve the district. Any petition shall include the statement provided  
16 in the notice of intent to circulate a petition regarding the advantages  
17 of dissolving the district.

18 3. The governing body may provide a true and concise written  
19 statement of two hundred words or less regarding the petition or  
20 dissolution of the district. If so provided, the property owner must  
21 circulate this statement affixed to the petition.

22 4. Property owners shall submit to the clerk of the governing body  
23 a petition for the dissolution of an improvement district formed under  
24 this section that purports to be signed by more than fifty ~~per cent~~  
25 PERCENT of the property owners in the district.

26 5. Within twenty days of receipt of the signed petition, the  
27 governing body shall verify that the petition is signed by more than fifty  
28 ~~per cent~~ PERCENT of the property owners as set forth in paragraph 4 of  
29 this subsection.

30 6. If the governing body finds the petition contains valid  
31 signatures of more than fifty ~~per cent~~ PERCENT of the property owners, the  
32 governing body shall set the date for dissolution of the district within  
33 ninety days. The district may continue to operate after dissolution only  
34 as needed to collect ~~money~~ MONIES and make payments on any outstanding  
35 district obligations.

36 7. Each property in the district with outstanding assessments or  
37 liens attached shall remain subject to those assessments or liens for  
38 payment of the existing obligations of the district, notwithstanding  
39 dissolution of the district.

40 8. If a district formed under this section subsequently dissolves  
41 as prescribed in this subsection, the governing body may not attempt to  
42 form any district for the same purpose for at least two years after the  
43 date the district is dissolved if the proposed district includes lands  
44 formerly located within the dissolved district.

1           0. Districts that are located in slum, **TRANSFORMATION, REINVESTMENT**  
2 or blighted areas as defined in section 36-1471 are exempt from subsection  
3 N of this section.

4           Sec. 17. Section 48-709, Arizona Revised Statutes, is amended to  
5 read:

6           48-709. Powers of a community facilities district

7           A. In addition to the powers otherwise granted to a district  
8 pursuant to this article, a district may to further the general plan:

9           1. Enter into contracts and expend monies for any public  
10 infrastructure purpose with respect to the district.

11           2. Enter into intergovernmental agreements as prescribed in title  
12 11, chapter 7, article 3 for the planning, design, inspection, ownership,  
13 control, maintenance, operation or repair of public infrastructure or the  
14 provision of enhanced municipal services by the municipality in the  
15 district.

16           3. Sell, lease or otherwise dispose of district property if the  
17 sale, lease or conveyance is not a violation of the terms of any contract  
18 or bond resolution of the district.

19           4. Reimburse the municipality for providing enhanced municipal  
20 services in the district.

21           5. Operate, maintain and repair public infrastructure.

22           6. Establish, charge and collect user fees, rates or charges for  
23 the use of any public infrastructure or service.

24           7. Employ staff, counsel and consultants.

25           8. Reimburse the municipality or county for staff and consultant  
26 services and support facilities supplied by the municipality or county.

27           9. Accept gifts or grants and incur and repay loans for any public  
28 infrastructure purpose.

29           10. Enter into agreements with landowners and the municipality or  
30 county for the collection of fees and charges from landowners for public  
31 infrastructure purposes, the advance of monies by landowners for public  
32 infrastructure purposes or the granting of real property by the landowner  
33 for public infrastructure purposes.

34           11. By resolution, levy and assess the costs of any public  
35 infrastructure purpose on any land benefited in the district.

36           12. Pay the financial, legal and administrative costs of the  
37 district.

38           13. Enter into contracts, agreements and trust indentures to obtain  
39 credit enhancement or liquidity support for its bonds and process the  
40 issuance, registration, transfer and payment of its bonds and the  
41 disbursement and investment of proceeds of the bonds.

42           14. With the consent of the governing body of the municipality or  
43 county ~~which~~ **THAT** formed the district, enter into agreements with persons  
44 outside of the district to provide services to persons and property  
45 outside of the district.

1           15. Use public easements and rights-of-way in or across public  
2 property, roadways, highways, streets or other thoroughfares and other  
3 public easements and rights-of-way, whether in or out of the geographical  
4 limits of the district, the municipality or the county.

5           B. This article does not authorize:

6           1. A district to acquire, construct, operate or maintain an  
7 electric generation or distribution system or natural gas distribution  
8 system without the written consent of any affected public service  
9 corporation, electric cooperative, agricultural improvement or power  
10 district or other district described in article XIII, section 7,  
11 Constitution of Arizona, the service area of which encompasses all or part  
12 of the district, if that entity is providing or is capable of adequately  
13 providing electrical utility service or natural gas utility service in the  
14 district.

15           2. A district to provide service outside its boundaries without the  
16 written consent of any affected public service corporation, electric  
17 cooperative, agricultural improvement or power district or other district  
18 described in article XIII, section 7, Constitution of Arizona, with a  
19 service area that lies outside of the district, if that entity is  
20 providing or is capable of adequately providing electrical utility service  
21 or natural gas utility service in the area that the district proposes to  
22 serve.

23           C. If a district is granted written consent pursuant to this  
24 section, the district shall provide a copy to the governor, the president  
25 of the senate, the speaker of the house of representatives and each  
26 commissioner of the Arizona corporation commission ~~no~~ NOT later than  
27 thirty days after consent is granted.

28           D. In connection with any power authorized by statute, the district  
29 may:

30           1. Contract.

31           2. Enter into intergovernmental agreements pursuant to title 11,  
32 chapter 7, article 3.

33           3. Adopt and change a seal.

34           4. Sue and be sued.

35           5. Enter into development agreements, as defined in section  
36 9-500.05.

37           6. Exercise the same right and power of eminent domain as a public  
38 service corporation pursuant to title 12, chapter 8, articles 2 and 3 to  
39 acquire any property or right-of-way, except political subdivision,  
40 county, state or federal property, for any public infrastructure purpose.

41           E. A district ~~which~~ THAT proposes to provide domestic water service  
42 in the certificated area of a public service corporation serving domestic  
43 water shall provide just compensation to the public service corporation  
44 pursuant to section 9-516.

1 F. Public infrastructure other than personalty may be located only  
2 in or on lands owned by the state, a county, a municipality or the  
3 district or dedicated or otherwise designated as public roadways,  
4 highways, streets, thoroughfares, easements or rights-of-way, whether in  
5 or out of the district or the municipality. Personalty may be used only  
6 for purposes authorized by the district board.

7 G. An agreement pursuant to subsection A, paragraph 10 of this  
8 section may include agreements to repay all or part of such advances, fees  
9 and charges from the proceeds of bonds if issued or from advances, fees  
10 and charges collected from other landowners or users or those having a  
11 right to use any public infrastructure. A person does not have authority  
12 to compel the issuance or sale of the bonds of the district or the  
13 exercise of any taxing power of the district to make repayment under any  
14 agreement.

15 H. A district shall not contract with a municipality for enhanced  
16 municipal services unless the area for which the services are to be  
17 provided is designated by the municipality as a slum, **TRANSFORMATION,**  
18 **REINVESTMENT** or blighted area pursuant to title 36, chapter 12, or an  
19 urban core business district of the municipality determined by formal  
20 resolution of the municipality to be in need of enhanced municipal  
21 services to encourage or preserve commercial development in the area.

22 I. Notwithstanding title 34 or article 2 of this chapter, the  
23 district at the option of the district board may enter into contracts for  
24 the performance of district projects with landowners in the district after  
25 calling for bids but before publishing notice of the award of a contract  
26 if all of the following conditions are met:

27 1. The landowner or landowners own three-fourths or more of the  
28 total land area of the district.

29 2. The landowner or landowners contract to perform the work at a  
30 cost ~~which~~ **THAT** does not exceed the cost specified in the bid of the  
31 bidder who would have been awarded that bid.

32 3. The work for which the contract was let is to be financed  
33 pursuant to this article.

34 4. All contracts and work executed pursuant to this section are  
35 subject to those rules as the district board may prescribe.